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ABSTRACT

Transcript of the 1971 Senate hearings on a bill to establish a revenue sharing program for rural development are presented in this publication. These hearings include: (1) Statements by James B. Allen, Henry Bellmon, Dr. George Hay Brown, John B. Connally, Robert Dole, Clifford M. Hardin, Hubert Humphery, Jack Miller, and George Romney; (2) Miscellaneous Documents (S. 1612--92d Congress; request from Department of Agriculture; section-by-section analysis of S. 1612; fact sheet-Rural Community Development Revenue Sharing Act of 1971; rural community development revenue sharing--hold harmless baseline; excerpt from President Nixon's State of the Union Address--1971; President Nixon's remarks to farm media representatives--Iowa, 1971; President Nixon's remarks on signing message to Congress concerning proposed rural revenue sharing; President Nixon's message to Congress regarding special revenue sharing for rural development; rural development legislation introduced in the 91st and 92d Congresses; State laws designed for industrial development in small towns and rural areas); (3) Letters to and Responses from 27 State Governors; (4) Impact of Revenue Sharing on Employment (questions and answers of executive departments); (5) Data on Birth and Fertility Rates; (6) U.S. Census Data (per capita income, rural-urban migration, voters disenfranchised by State registration laws, county migration patterns--1960-70, age of farm operators, effect of interstate highways and colleges on migration). (JC)

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RURAL DEVELOPMENT

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HEARING

BEFORE THE

SUBCOMMITTEE ON RURAL DEVELOPMENT

OF THE

COMMITTEE ON
AGRICULTURE AND FORESTRY
UNITED STATES SENATE

NINETY-SECOND CONGRESS

FIRST SESSION

ON

S. 1612

A BILL TO ESTABLISH A REVENUE-SHARING PROGRAM FOR RURAL DEVELOPMENT

Part 1

APRIL 23, 1971

Printed for the use of the Committee on Agriculture and Forestry

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RURAL DEVELOPMENT

FRIDAY, APRIL 23, 1971

U.S. SENATE,
SUBCOMMITTEE ON RURAL DEVELOPMENT OF THE
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m. in room 318, Old Senate Office Building, the Honorable Hubert H. Humphrey Chairman of the Subcommittee, presiding.

Present: Senators Humphrey (presiding), Allen, Curtis, Dole, and Bellmon.

STATEMENT OF HON. HUBERT H. HUMPHREY, A U.S. SENATOR FROM THE STATE OF MINNESOTA

Senator HUMPHREY. We will call the Subcommittee on Rural Development to order.

This is a subcommittee of the Senate Committee on Agriculture and Forestry.

The members of this committee are Senators Ellender, Eastland, Allen, Curtis, Dole, Bellmon, and myself.

I am privileged to serve by appointment of the full committee chairman as the chairman of this subcommittee.

The procedure this morning will be an opening statement by the chairman, then statements as desired by members of the subcommittee. We will then proceed, if it is agreeable with the members of the subcommittee, to have our three witnesses from the administration make their presentation as a panel. Following the presentation on the part of the administration witnesses we will then have a period of questioning. In other words, we will have a noninterrupted presentation by the three secretaries that we are honored to have with us today.

I want to welcome to the subcommittee Secretary Hardin, Secretary Kennedy, Secretary Romney. We are very grateful for your willingness to take the time and come to us and share with us your views, particularly on the administration's program for rural community development.

The Agricultural Act of 1970, under title 9, known as Rural Development, outlines the mandate of this subcommittee. It says the Congress commits itself to a sound balance between rural and urban America. The Congress considers this balance so essential to the peace, prosperity, and welfare of all of our citizens that the highest priority must be given to the revitalization and development of rural areas. Title 9 requires reports from the administration.

The subcommittee will hold hearings on these reports and it is our purpose to establish a constructive dialog with administration witnesses and administration spokesmen.

I will open with a restatement of our purpose.

This is an important day for those of us on the Committee on Agriculture and Forestry, because it marks a beginning for us—the launching of a vigorous effort on behalf of the people in rural America.

Our new Rural Development Subcommittee was formed by our chairman, Senator Talmadge, to come to grips with a parity question—not so much parity in farm prices, as social and economic parity for the millions of people in small-town America.

Two-thirds of our substandard housing is in these areas, and I am sure Secretary Romney will address himself to that. While big-city dwellers have their phone calls beamed by satellite to foreign countries, the eight-, 10- and 12-party line is still not unusual in the country.

Out in the countryside the quality of education, health care, job training, transportation, and decent social amenities simply aren't what they ought to be in far too many places. And most important, it's nearly impossible, in some places, to find a job that pays a living wage, and I think we are aware of the fact now that the smaller farmers in particular require supplemental income from jobs other than from agriculture production.

I believe I can speak for all of the members of our subcommittee when I say that we believe in a freedom of residence; namely, that the quality of life in rural communities of America should be such that our people are not shoved into our big cities either through economics or politics. They must be given a choice and a real choice if we are to break the cycle in which millions have left the country to go to the cities, where problems of overcrowding are strangling our urban centers.

It is the view at least of the chairman of this subcommittee that much of the problem of urban America is due to this outmigration from rural America. I would just call it the "hemorrhage of our rural countryside."

In short, we need a national growth policy to influence and promote a balance between urban and rural America.

Our effort will be bipartisan. This is not exclusively a liberal nor conservative task. And our work will be as essential to the futures of our big cities as it is to country people.

Although our committee is new, we have learned that there are not too many experts in this field, so we will take to the road. We will go to the heart of America and get some answers. We will also hold a series of hearings in Washington. Hopefully, when we are finished, when we have completed our task or at least are somewhat into it, we can translate our problems into challenges and create legislation which will achieve some solutions.

But our committee is not alone in considering the troubles facing our country communities. President Nixon has transmitted a message on Rural Community Development Through Revenue Sharing, and the administration has recently submitted enabling legislation, embodying the proposals contained in that message.

The language of the President's message on this matter shows some good insight into what is going on in rural America, and we are anxious to hear the details of what the administration believes the remedies to be through a formula of special revenue sharing.

With us today to answer some of our questions are four distinguished men. We are honored that they can be with us today and to present their testimony.

They are Secretary of the Treasury John Connally; Secretary of Housing and Urban Development George Romney; and George Hay Brown, Director of the Bureau of the Census.

We will hear from the Director of the Bureau of the Census on the patterns of population shift which I believe will be a most interesting topic for us.

Now, this is to lay the groundwork what I have said, for these hearings. I must say to the witnesses, the Secretaries who are here, we will undoubtedly want you to come back to us at a later time. We hoped we might just get a premise laid here so that when we go to the countryside we can talk intelligently about the programs of this administration. I believe in giving these programs a fair hearing and every possible consideration. You will be treated accordingly. A copy of the bill on revenue sharing, S. 1612, and supporting data will be inserted in the record at this point.

(The bill referred to, S. 1612, and supporting data, follow:)

[S. 1612, 92d Cong., first sess.]

A BILL To establish a revenue-sharing program for rural development

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Rural Community Development Revenue Sharing Act of 1971."

STATEMENT OF FINDINGS AND PURPOSES

SEC. 2. The Congress hereby finds and declares that many rural areas of the Nation, while rich in natural resources and potential, have lagged behind the rest of the Nation in economic growth, and that the people of these rural areas have not shared in the Nation's prosperity. The Congress recognizes the need for increased efforts by Federal, State, and local governments to provide the economic base that is a vital prerequisite for vigorous self-sustaining growth and necessary to bring the rural areas of the Nation to their full potential.

The Congress declares that in order to generate increased employment opportunities and individual incomes in rural areas, to improve the quality an accessibility of rural community facilities and services, to stem out-migration from rural areas, to encourage private investment in industrial, agricultural, and commercial enterprises, to solve farm, home, and community problems, to protect and conserve natural resources, and to establish and improve public works and development facilities, a system by which States may share in national revenues is necessary and desirable; and that in order to implement an effective nationwide rural community development policy and thereby to enhance the national prosperity, it is necessary to terminate and modify certain development programs now undertaken by the Federal Government.

TITLE I—DEFINITIONS

DEFINITIONS

SEC. 101. For the Purpose of this Act:

(a) The term "rural area" means any county, parish, or similar political subdivision, including all area within the territorial confines thereof, which either has a population density of less than one hundred persons per square mile or is not included within a Standard Metropolitan Statistical Area;

(b) The term "rural population" means the total resident population, as defined and used by the United States Bureau of the Census, of a rural area;

(c)(1) The term "rural development" means rural community development programs or activities of a State which directly benefit the residents of a rural area within such State and are—

(A) undertaken within a rural area;

(B) certified by the local government within a rural area as directly benefiting the residents of such area; or

(C) certified by the Governor as directly benefiting the majority of the residents of rural areas within said State.

(2) The term "rural community development programs and activities" includes, but is not limited to, programs and activities which—

(A) Establish and improve public works, public service, and development facilities;

(B) Encourage private investment in, and promote the establishment and expansion of, industrial, agricultural, and commercial enterprises;

(C) Prevent conditions of excessive unemployment and underemployment, alleviate unemployment caused by loss or curtailment of large industries or Governmental activities, generate increased employment opportunities, and assist in manpower development;

(D) Assist in generating increased personal and corporate income;

(E) Further the economic development and growth potential of underdeveloped areas and help such areas to help themselves achieve lasting improvement;

(F) Improve the quality and accessibility of rural community facilities and services;

(G) Stem outmigration of families, labor, and capital from rural areas and encourage migration to such areas;

(H) Assist in the solution of farm, home, and community problems;

(I) Promote the conservation, development, and proper utilization of human and natural resources;

(J) Encourage the solution of problems of wide geographic significance;

(K) Establish and improve educational facilities and encourage the development of improved educational methods;

(L) Establish and improve land, water, and air transportation systems and services for goods and passengers;

(M) Assist in the solution of problems related to law enforcement activities;

(N) Enhance domestic prosperity by the establishment of stable and diversified local economies and improved local conditions;

(O) Assist in the establishment of decent, safe, sanitary, and comfortable housing;

(P) Establish and improve health facilities and services and generally promote improved health and nutrition of residents of rural areas;

(Q) Establish programs and projects of the type authorized under title I of the Demonstration Cities and Metropolitan Development Act of 1966; and

(R) Provide direct financial incentive to industry to create jobs in rural areas.

(d) The term "rural per capita income" means the average personal income of the rural population of a State;

(e) The term "fiscal year" means the fiscal year of the Government of the United States;

(f) Except where otherwise indicated, the word "Secretary" means the Secretary of Agriculture or his delegate;

(g) The word "State" means the several States, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam;

(h) The word "Governor" means the chief executive officer of each State or his delegate;

(i) The term "Attorney General" means the Attorney General of the United States or his delegate;

(j) The term "standard metropolitan statistical area" means a standard metropolitan statistical area as that term is defined and used by the Office of Management and Budget;

(k) The term "personal income" means personal income as that term is defined and used by the Office of Business Economics of the Department of Commerce;

(l)(1) The term "local government" means a municipality, county, or township as such terms are defined and used by the United States Bureau of the Census.

(2) The term "local government" does not include independent school districts or special districts;

(m) The term "State development plan" means a plan for the expenditure of funds to which a State is entitled under subsections (a) through (c) of section 202. Such plan shall set forth the specific rural community development programs and activities which, subject to section 204, are proposed to be undertaken or continued with such funds and shall take into consideration the varying needs and development and growth potentials of rural areas within the State and the possible integrated use of development resources of such areas; and

(n) The term "State development planning system" includes a State development planning advisory commission whose duty it shall be to advise the Governor with respect to the formulation of the State development plan. The membership of such planning commission shall be composed of one representative from each government planning board, as defined in this section, together with the Governor of such State.

For the purpose of formulating a State development plan, each State shall establish multijurisdictional planning districts which together shall encompass the geographic area of the entire State. A planning board for each district shall be composed of elected officials from local governments within such district and shall be designated by such local governments. The duties and authorities of planning boards within the State shall be determined by the Governor of such State.

One representative of each planning board, who shall be a member of such board, shall be selected by members of such board for membership on the State development planning advisory commission.

DATA FOR DEFINITIONS

SEC. 102. Where appropriate, the definitions in section 101 shall be based on the latest published reports of the Department of Commerce, or the Office of Management and Budget, on the date of enactment of this Act, and of each subsequent year. The data used in applying these definitions at any point in time shall be the latest published data referable to the same point or period in time. The Secretary may, by regulation, change or otherwise modify the definitions in section 101 in order to reflect any change or modification thereof made subsequent to such date by the Department of Commerce or the Office of Management and Budget.

TITLE II—RURAL DEVELOPMENT REVENUE SHARING

APPROPRIATION AUTHORIZATION

SEC. 201. There are hereby authorized to be appropriated without fiscal year limitation such sums as may be necessary for the purposes of this title for each fiscal year.

STATE ENTITLEMENT

SEC. 202. (a) Of the amounts provided from appropriations authorized by section 201 for any fiscal year for the purposes of this title, a minimum of eighty per centum shall be apportioned by the Secretary among the States in accordance with their entitlement as determined by subsections (b) and (c) of this section.

(b) One per centum of the amount required to be apportioned under subsection (a) shall be divided among the States in equal proportion.

(c) Each State shall be entitled to a portion of the remainder of the amount required to be apportioned under subsection (a), which portion shall be determined as follows:

(1) Each State shall be entitled to receive an amount equal to 50 per centum of such remainder multiplied by a fraction the numerator of which is the rural population of such State at the most recent point in time for

which appropriate statistics are available and the denominator of which is the sum of the rural populations of all States at the same point in time;

(2) Each State shall be entitled to receive an amount equal to 25 per centum of such remainder multiplied by a fraction the numerator of which is the average of per capita incomes of all the States at the most recent point in time for which appropriate statistics are available less the rural per capita income of such State at the same point in time, such difference to be multiplied by the rural population of such State at the same point in time, and the denominator of which is the sum of such positive differences for each State multiplied by that State's rural population: *Provided, however*, That if the rural per capita income of a State is greater than the average of per capita incomes of all the States, the differences stated above shall be considered zero; and

(3) Each State shall be entitled to receive an amount equal to 25 per centum of such remainder multiplied by a fraction the numerator of which is the percentage change in population of all the States less the percentage change in rural population of such State, such difference to be multiplied by the rural population of such State during the most recent and appropriate time period of which statistics are available, and the denominator of which is the sum of such positive differences for each State multiplied by that State's rural population: *Provided, however*, That if the percentage rate of change of rural population of a State during such period is greater than the percentage rate of change of the populations of all States during the same period, the differences stated above shall be considered zero.

(d) Any amounts appropriated for any fiscal year pursuant to section 201 which are not apportioned pursuant to subsections (a) through (c) of this section and any amounts recovered under section 304 may be available without regard to subsections (a) through (c) of this section for distribution at the discretion of the Secretary.

(e) Notwithstanding any other provisions of this Act, each State shall use a sufficient portion of the moneys to which it is entitled to maintain and carry on a program of agricultural extension work through its land-grant college, or colleges, comparable in size and type to the agricultural extension program carried out in the State in fiscal year 1971 under the Smith-Lever Act, as amended (7 U.S.C. 341-349), and sections 204(b) and 205 of the Agricultural Marketing Act of 1946, as amended (7 U.S.C. 1623 and 1624), and the Cooperative Extension Service shall be permitted to continue 4-H, nutritional aide programs, and other agricultural programs in metropolitan areas.

(f) Until such time as a State is authorized under State law and eligible to receive funds and carry out activities as provided by this Act, or in the event it refuses to accept such funds, the shared revenues to which it would have been entitled under this section shall be available for allocation by the Secretary for the purposes of this title.

(g) All computations and determinations by the Secretary under this section shall be final and conclusive.

STATE DEVELOPMENT PLAN

SEC. 203. Commencing with fiscal year 1973 as a condition precedent to receiving entitlement under subsections (a) through (c)of section 202, the Governor of each State shall publish and submit to the Secretaries of Agriculture and Housing and Urban Development a State development plan formulated through the State development planning system set forth in section 101(n), provided that the Secretaries may, upon request of the Governor, accept an alternate State development planning system which assures consultation and coordination with units of local government within the State. Amendments to the State development plan may be submitted to the Secretaries at any time prior to the termination of the fiscal year to which the plan relates. Such State development plans and amendments shall not be subject to approval by the Secretaries.

AUTHORIZED EXPENDITURES

SEC. 204. Each State is authorized to expend moneys to which it is entitled under section 202 (a) through (c) for the purpose of rural development as that term is defined in section (101(c). Each State is authorized to expend moneys to which it is entitled under section 202(d) as the Secretary shall direct.

TITLE III—ADMINISTRATION

PAYMENTS TO STATES

SEC. 301. The amounts appropriated and allocated pursuant to this title shall be paid to States at such intervals and in such installments as the Secretary may determine, taking account of the objective that the time elapsing between the transfer of funds from the United States Treasury and the disbursement thereof by a State or subdivision thereof shall be minimized: *Provided, however*, That the Secretary shall, with the concurrence of the Director of the Office of Management and Budget, prescribe regulations for the purpose of avoiding an inordinate rise in Federal outlays in fiscal years 1972 and 1973 resulting from concurrent disbursements pursuant to (a) obligations incurred prior to December 31, 1971, pursuant to programs and activities abrogated or modified by title IV, and (b) revenue shared under this Act.

RECORDS, AUDITS, AND REPORTS

SEC. 302. (a) All revenues shared with States under this Act shall be properly accounted for as Federal funds in the accounts of such States.

(b) In order to assure that revenues shared under this title are used in accordance with the provisions of this Act, each State shall—

(1) Use such fiscal and accounting procedures as may be necessary to assure (A) proper accounting for payments received by it, and (B) proper disbursement of such accounts.

(2) Provide to the Secretary, on reasonable notice, access to, and the right to examine, any books, documents, papers, or records as he may reasonably require, and

(3) Make such reports to the Secretary as he may reasonably require.

NONDISCRIMINATION

SEC. 303. Shared revenues under this Act shall be considered as Federal financial assistance within the meaning of title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d).

RECOVERY OF FUNDS

SEC. 304. (a) If the Secretary determines after giving reasonable notice and opportunity for hearing that a State has failed to comply substantially with the provisions of this Act, he shall—

(1) refer the matter to the Attorney General of the United States with a recommendation that an appropriate civil action be instituted; or

(2) notify the State that if corrective action is not taken within sixty days from the date of such notification, revenues shared with it will be reduced in the same or succeeding fiscal year by an amount equal to the amount of funds which were not expended in accordance with the provisions of this Act; or

(3) take such other action as may be provided by law.

(b) When a matter is referred to the Attorney General pursuant to subsection (a)(1) of this section, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

(c)(1) Any State which received notice of reduction of revenues shared under subsection (a)(2) of this section may, within sixty days after receiving notice of such reduction, file with the United States Court of Appeals for the circuit in which such State is located or in the United States Court of Appeals for the District of Columbia, a petition for review of the Secretary's action. The petitioner shall forthwith transmit copies of the petition to the Secretary and the Attorney General of the United States, who shall represent the Secretary in litigation.

(2) The Secretary shall file in the court the record of the proceeding on which he based his action, as provided in section 2112 of title 28, United States Code. No objection to the action of the Secretary shall be considered by the court unless such objection has been urged before the Secretary.

(3) The court shall have jurisdiction to affirm or modify the action of the Secretary or to set it aside in whole or in part. The findings of fact by the Secretary, if supported by substantial evidence on the record considered as a whole, shall be conclusive. The court may order additional evidence to be taken by the Secretary, and to be made part of the record. The Secretary may modify his findings of fact, or make new findings, by reason of the new evidence so taken and filed with the court, and he shall also file such modified or new findings, which findings with respect to questions of fact shall be conclusive if supported by substantial evidence on the record considered as a whole, and shall also file his recommendations, if any, for the modification or setting aside of his original action.

(4) Upon the filing of the record with it, the jurisdiction of the court shall be exclusive and its judgment shall be final, except that the same shall be subject to review by the Supreme Court of the United States upon writ of certiorari or certification as provided in section 1254 of title 28, United States Code.

ADVANCE PAYMENTS

Sec. 305. Advance paymens made to States or political subdivisions thereof prior to and including December 31, 1971, and unearned at the close of business on December 31, 1971, shall be either returned promptly to the Federal agency concerned, or offset against the first shared revenues to which the same State or political subdivision thereof becomes entitled under this Act.

POWERS OF THE SECRETARY

Sec. 306. The Secretary shall prescribe such rules, regulations, and standards as may be necessary to carry out the purposes and conditions of this Act, including standards to assure the compatibility on a nationwide basis of data systems used in carrying out activities unde this Act in order to provide the public and the Congress with objective information on which to evaluate activities under this Act, and to conduct research and investigations to determine the effectiveness of this Act in the development of rural communities.

AGREEMENTS BETWEEN STATES

Sec. 307. In the event that cooperation or agreements between States is necessary in order to realize the full benefit of provisions of this Act, the consent of Congress is hereby given to such States to enter into such agreements.

REPORT BY THE SECRETARY

Sec. 308. For each fiscal year beginning with the fiscal year ending June 30, 1972, the Secretary shall make a report to the President and the Congress concerning the programs conducted under, and the general effectiveness of, this Act.

ADMINISTRATIVE EXPENSES

Sec. 309. There are hereby authorized to be appropriated, without fiscal year limitation, such sums as may be necessary for the purposes of this title for each fiscal year.

LABOR STATISTICS

Sec. 310. All laborers and mechanics employed by contractors or subcontractors in any construction, alteration, or repair, including painting and decorating of projects, buildings, and works which are federally assisted, which shall include revenues shared, under this Act, shall be paid wages at rates no less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276-a-5). The Secretary of Labor shall have, with respect to such labor standards, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267) and section 2 of the Act of June 1, 1934, as amended (48 Stat. 948, as amended; 40 U.S.C. 276c).

RELOCATION COSTS

Sec. 311. Notwithstanding section 211 of the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (84 Stat. 1894), no Federal contribution in addition to shared revenues under this title shall be provided for relocation payments and assistance for those displaced by community development activities assisted under this title.

MATCHING GRANTS

SEC. 312. Rural community development funds may be used by a State or local government as matching shares for Federal grant programs which contribute to rural development.

EFFECTIVE DATE

SEC. 313. The effective date of this Act shall be January 1, 1972.

TITLE IV—TRANSITION

PART A—PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT

DEFINITION

SEC. 401. For the purposes of this part, the word "Act" means the Public Works and Economic Development Act of 1965, as amended (42 U.S.C. 3121-3226).

TERMINATION OF CERTAIN AUTHORITIES

SEC. 402. (a) The authority provided by the Act shall not be exercised after December 31, 1971, except that—

(1) The Secretary of Commerce may—

(A) carry out those commitments, contracts, agreements, and other obligations, including all accounts receivable, made or entered into, and for which funds have been obligated, on or before December 31, 1971, pursuant to authority confered prior to such date under the Act, including title V thereof: *Provided, however,* That this section shall not be interpreted to prohibit the obligation of funds for construction overruns on projects for which financial assistance, in accordance with the criteria of section 101 of the Act, was approved on or before December 31, 1971;

(B) designate, and terminate the designation of, redevelopment areas satisfying the criterion of section 401(a)(3) of the Act;

(C) exercise the authority conferred by sections 101, 201, 202, 301(a), and 301(b) of the Act with regard to projects, programs, and activities within areas designated under section 401(a)(3) of the Act: *Provided,* That section 301(b) of the Act is amended by striking the words "not to exceed 75 per centum" and inserting in lieu thereof "all or a part"; and

(D) exercise the authority conferred by section 301(a) for the purpose of providing technical assistance for the preparation of trade adjustment proposals pursuant to, and the accomplishment of feasibility and related studies under, the Trade Expansion Act of 1962 (19 U.S.C. 1902–1913);

(2) All powers and authorities contained in the Act, including the authority conferred by section 709 thereof, may be exercised to the extent necessary to carry out the authorities referred to in this section, and all duties contained in the Act, including the duty specified in section 707 thereof, shall be undertaken to the extent proper in carrying out the authorities referred to in this section.

(b) All planning grants and administrative expense grants, except grants to organizations or individuals within areas designated under section 401(a)(3) of the Act, which are approved or renewed under section 301(b) of the Act on or before December 31, 1971, or which would ordinarily be renewed after December 31, 1971, but on or before June 30, 1972, shall provide for a termination date no later than June 30, 1972.

TERMINATION OF DESIGNATION

SEC. 403. The designation status of all areas designated under section 102 of the Act, all redevelopment areas designated under the Area Redvelopment Act (42 U.S.C. 2501 et seq.), or under section 401 of the Act except subsection (a)(3) thereof, all economic development districts designated under section 403(a)(1) of the Act, and all economic development centers designated under section 403(a)(2) of the Act, shall be deemed terminated at midnight on December 31, 1971.

TRANSFER OF CERTAIN APPROPRIATIONS

SEC. 404 (a) Notwithstanding any provision of the Act.

(1) Fifty per centum of the total appropriation made under the Act, except for title V thereof, for the fiscal year ending June 30, 1972, shall not be obligated after December 31, 1971, and shall be transferred to and merged with the funds authorized under the authority of section 201: *Provided, however*, That an amount of such appropriation as would be in the ordinary course of business be obligated after December 31, 1971, for those purposes specified in section 402 hereof shall not be so transferred and shall remain available until June 30, 1972, for such purpose; and

(2) The full amount of the remaining 50 per centum may be obligated on or before December 31, 1971, but all such amounts as are unobligated prior to such date shall be transferred to and merged with the funds authorized under the authority of section 201.

(b) All collections and repayments deposited on or before December 31, 1971, in the Economic Development Revolving Fund established pursuant to section 203 of this Act shall be transferred to and merged with the funds authorized under the authority of section 201 and all collections and repayments received under the Act after December 31, 1971, shall be deposited in and merged with the funds authorized under the authority of section 201: *Provided, however*, That such amounts shall be retained in the Economic Development Revolving Fund as may be required to pay interest to the Treasury, pursuant to section 203 of the Act, on the amount of loans outstanding under the Act.

CERTAIN PROVISIONS REPEALED

SEC. 405. (a) Effective July 1, 1972, title V of the Act shall be deemed repealed.

(b) The Secretary of Commerce shall, no later than June 30, 1972, assume the administration of projects, the functions, powers, duties, and authorities, and the assets, liabilities, authorizations, apportionments, allocations, appropriations, and records which were, pursuant to title V of the Act and on or before June 30, 1972, undertaken by, vested in, or authorized to, the regional commissions established pursuant to title V of the Act.

(c) Each regional commission shall, prior to June 30, 1972, make such assignments to the Secretary of Commerce as may be necessary to enable him to fulfill his functions under subsection (b).

(d) On January 1, 1971, there shall be transferred to and merged with the funds authorized under the authority of section 201, all balances of appropriations made under the authorization of title V of the Act, unobligated as of such date, except such amounts available under such authorization and appropriation for the administrative expenses of the regional commissions to June 30, 1972.

(e) Notwithstanding section 510 of the Act, each regional commission shall, not later than June 30, 1972, make a comprehensive and detailed report to Congress with respect to such commission's activities during the fiscal year ending June 30, 1972.

PART B—APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965

DEFINITION

SEC. 406. For the purposes of this part, the word "Act" means the Appalachian Regional Development Act of 1965, as amended (40 App. U.S.C. 1–405).

TRANSFER OF APPROPRIATION BALANCES

SEC. 407. On January 1, 1972, there shall be transferred to and merged with the funds authorized under the authority of section 201, all balances of appropriations made under the authorizations in sections 201(g) and 401 of the Act, unobligated as of such date, except such amounts available under such authorization and appropriation.

(a) Which are required for programs and projects under sections 202, 203, 204, 205, 211, 212, 214, and 302(a)(2) of the Act, approved by the Commission on or before December 31, 1971: *Provided, however*, That this section shall not be interpreted to prohibit the obligation of funds for construction overruns on projects for which financial assistance was approved on or before December 31, 1971.

(b) Which have been apportioned by the Commission to the States for the Appalachian development highway system in accordance with section 201 of the Act and sections 106(a) and 118 of title 23, United States Code: *Provided, however*, That notwithstanding such sections, funds authorized under section 201 of the Act for the fiscal year ending June 30, 1973, shall not be so apportioned.

(c) Which are required to reimburse States for the Federal share of projects constructed without Federal funds in accordance with section 201(h) of the Act which were approved by the Commission on or before December 31, 1971, and which are in excess of apportionments referred to in subsection (b);

(d) As may be necessary to provide for the administration and monitoring through completion of programs and projects approved by the Commission on or before December 31, 1971, including those for which funds have been apportioned or approved as provided under subsection (b) or (c) herein;

(e) As may be required for:

(1) continuation of operating grants under section 202 of the Act to maintain and continue any demonstration projects for which a prior operating grant was approved on/or before December 31, 1971; and

(2) grants for administrative expenses of local development districts under section 302 of the Act to maintain such organizations: *Provided, however*, That such district had been certified under section 301 of the Act and a grant for its administrative expenses had been approved on or before December 31, 1971, until such time as the Governor of the State in which such project or district is located certifies that such project or district can be continued with State or other funds or that it shall no receive further assistance: *Provided, however*, That no such continuation grant or grant for administrative expenses of a district shall provide funds to maintain such project or district beyond June 30, 1972; and

(f) Which have been deposited in the Appalachian Housing Fund pursuant to section 207(d) of the Act. Notwithstanding any provisions of this Rural Community Development Revenue Sharing Act of 1971, the Secretary of Housing and Urban Development may continue to make loans and grants as authorized in section 207 of the Act, upon applications approved by the Governor of the State or his designee.

APPALACHIAN REGIONAL COMMISSION

SEC. 408. Notwithstanding any other provision of law, the Appalachian Regional Commission established pursuant to section 101 of the Appalachian Act, and the Federal participation in, and support of, such Commission, Federal Cochairman and staffs authorized under sections 101, 105, and 106 of such Act shall continue after enactment of this Rural Community Development Revenue Sharing Act.

CONTINUATION OF AUTHORITIES

SEC. 409. All duties, responsibilities, authorities, and functions vested in the Secretaries of Transportation; Health, Education, and Welfare; Agriculture; Housing and Urban Development; and Labor; and in any other Federal department, agency, or officer under the Act shall, to the extent necessary to effectuate the purposes of this part and section, continue to be vested in such officials or such other officials as may be provided by law or as the President may direct.

PART C—DEPARTMENT OF AGRICULTURE

RURAL ENVIRONMENTAL ASSISTANCE PROGRAM

SEC. 410. No applications for Federal cost sharing for soil building and soil- and water-conserving practices under sections 7 to 15, 16(a), and 17 of the Soil Conservation and Domestic Allotment Act, as amended (16 U.S.C. 590g–590o, 590p(a), and 590q), shall be approved after December 31, 1971, and all unused contract authority is rescinded after December 31, 1971.

WATER BANK

SEC. 411. No agreements shall be entered into under the Water Bank Act (84 Stat. 1468).

FORESTRY ASSISTANCE

SEC. 412. No funds shall be paid after December 31, 1971, to States or political subdivisions thereof for forestry and tree planting assistance, as authorized by sections 1, 2, and 4 of the Clarke-McNary Act, as amended and supplemented (16 U.S.C. 564, 565, 565a, 566 a and b, and 567), the White Pine Blister Rust Protection Act (16 U.S.C. 594a), the Forest Pest Control Act (16 U.S.C. 594–1 through 594–5), the Cooperative Forest Management Act, as amended (16 U.S.C. 568c and 568d), and section 401 of the Agriculture Act of 1956, as supplemented (16 U.S.C. 568e–568g).

WATER AND WASTE DISPOSAL SYSTEMS

SEC. 413. No grants shall be made after December 31, 1971, for—

(a) activities authorized in section 306(a)(2) of the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926(a)(2)) or

(b) preparation of official comprehensive plans for the development of water or sewer systems in rural areas as authorized in section 306(a)(6) of said Act (7 U.S.C. 1926(a)(6)).

GREAT PLAINS CONSERVATION

SEC. 414. No new contracts shall be entered into under the Great Plains conservation program authorized by section 16(b) of the Soil Conservation and Domestic Allotment Act, as amended (16 U.S.C. 590p(b)), after December 31, 1971.

RESOURCE CONSERVATION AND DEVELOPMENT

SEC. 415. Unless such project measure has been approved on or before December 31, 1971, no financial assistance shall be provided to carry out any project measures under the authority of section 32e of title III of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1011e), or sections 1–6 of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590a–f), in a resource conservation and development plan developed in the program for land stabilization and land conservation authorized under sections 31 and 32 of title III of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1010 and 1011).

EXTENSION SERVICE

SEC. 416. (a) No payments to States for extension work as authorized by the Smith-Lever Act, as amended (7 U.S.C. 341–349), and sections 204(b) and 205 of the Agricultural Marketing Act of 1946, as amended (7 U.S.C. 1623 and 1624), shall be made after December 31, 1971. No payments shall be made by the Secretary after June 30, 1972, for the cost of the employer's share of Federal retirement and for benefits paid from the Employees' Compensation Fund for State cooperative extension employees.

(b) Equipment and other property in the possession of a land-grant university which was purchased in whole or part from funds made available for extension work shall remain the property of the university.

(c) The provisions of section 4152(a)(F) of title 39, United States Code, relating to penalty mail for extension agents and directors are repealed, effective December 31, 1971.

(d) Any person who, by virtue of his position as a cooperative extension employee, currently has coverage under the Federal employees' inquiry compensation program authorized by chapter 81 of title 5, United States Code, the unemployment compensation program authorized by chapter 85 of title 5, United States Code, the Civil Service Retirement Act, chapter 83 of title 5, United States Code, the Federal employees' group life insurance program authorized by chapter 87 of title 5, United States Code, or the Federal employes' health benefits program authorized by chapter 89 of title 5, United States Code, may continue such coverage if an extension program is continued by the State: *Provided, however*, That, beginning on July 1, 1972, the State shall bear the employer's share of the costs of such programs.

LAND STABILIZATION, CONSERVATION, AND EROSION CONTROL

SEC. 417. No agreements shall be entered into under section 203 of the Appalachian Regional Development Act of 1965, as amended (79 Stat. 12), after December 31, 1971.

OUTSTANDING OBLIGATIONS

SEC. 418. (a) The Secretary of Agriculture is authorized to administer and carry out any commitments, contracts, agreements, and other obligations made or entered into under programs or activities terminated by sections 410 through 417 and for which funds have been obligaed, on or before the date specified for such termination: *Provided, however*, That in no event shall payments to State for extension work in fiscal year 1972 exceed 50 per centum of the appropriaitions for such purposes.

(b) There are hereby authorized to be appropriated without fiscal year limitation such sums as may be necessary for the purposes of this part for each fiscal year.

(c) Except for appropriations made pursuant to subsection (b), any funds appropriated for any program or activity terminated by sections 410 through 417 which would be used to finance operations which would be carried out if such program or activity had not been terminated, and which remain unobligated on the date specified for such termination shall be transferred and merged with the funds authorized under the authority of section 201.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C. April 6, 1971.

HON. SPIRO T. AGNEW,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: I am transmitting herewith a draft bill to carry out the President's recommendations for a rural community development special revenue sharing program as set forth in his message to the Congress of March 10, 1971.

The President's proposal is designed to give citizens of States and local communities more effective tools and greater financial resources for dealing with rural development problems than in the past. The needs, problems, conditions, and opportunities for promoting economic and social development of rural areas are matters that are of special concern to, and within the particular competence of, those who live in the communities affected. State and local officials, and citizens in the communities involved, are often better able to match resources to problems than are government employees in Washington.

The President's proposal contemplates that in the first year of operation, special revenue sharing funds for rural development would be available in an amout equivalent to $1,100 million on a full-year basis. As the President stated, in his message of March 10, 1971:

"More money, plus more freedom to spend it, plus better planning in doing so, add up to better living for rural Americans and brighter futures for rural communities. Mutual benefits of the urban-rural partnership would be manifest as cities enjoyed the fruits of a healthy agricultural economy and the relief of more evenly distributed population growth, while rural areas felt the effect of new social and economic advantages. Rural and urban communities would no longer siphon off one another's strengths and resources nor shunt problems and burdens from one to the other. They would progress together in a dynamic balance, as partners in the best sense."

I urge that early and favorable consideration be given by the Congress to enactment of the "Rural Community Development Revenue Sharing Act of 1971."

The Office of Mangement and Budget advises that enactment of this bill would be in accord with the program of the President.

Sincerely,

CLIFFORD M. HARDIN,
Secretary.

RURAL COMMUNITY DEVELOPMENT REVENUE SHARING ACT OF 1971

SECTION-BY-SECTION SUMMARY

SECTION 2—STATEMENT OF FINDINGS AND PURPOSE

Section 2 provides that Congress finds and declares that in order to provide more effective assistance to rural areas of the Nation for the purposes of stemming outmigration, stimulating and aiding economic development and the creation of job opportunities, providing more and better public works and community development facilities, and assisting in the solution of farm, home, and other community problems, it is necessary to establish a program by which States may share in national revenues; and that in order to implement an effective nationwide rural community development policy and to reallocate development resources, it is necessary to terminate and modify certain Federal development programs.

TITLE I—DEFINITIONS

SECTION 101—DEFINITIONS

Section 101 provides that the definitions continued in the following subsections are applicable for the purposes of this Act.

Subsection (a) provides that the term "rural area" means any county, parish or similiar political subdivision which either has a population density of less than 100 person per square mile or is not included within a Standard Metropolitan Statistical Area.

Subsection (b) provides that the term "rural population" means the total resident population of a rural area.

Subsection (c) provides that the term "rural development" means any program or activity of a State which directly benefits the residents of a rural area within such State, and that the term "rural community development programs and activities," includes, but is not limited to, the promotion, establishment, assistance, improvement, and encouragement of a great number of programs and activities related to rural development.

Subsection (d) provides that the term "rural per capita income" means the average personal income of the rural population of a State.

Subsection (e) provides that the term "fiscal year" means the fiscal year of the United States.

Subsection (f) provides that the word "Secretary" means the Secretary of Agriculture.

Subsection (g) provides that the word "State" means the several States, Puerto Rico, the Virgin Islands, and Guam.

Subsection (h) provides that the word "Governor" means the chief executive officer of each State.

Subsection (i) provides that the term "Attorney General" means the Attorney General of the United States.

Subsection (j) provides that the term "Standard Metropolitan Statistical Area" means such term as defined by the Office of Management and Budget.

Subsection (k) provides that the term "personal income" means such term as defined by the Office of Business Economics of the Department of Commerce, or, as appropriately modified or changed by the Secretary.

Subsection (l) provides that the term "local government" means a municipality, county, or township as defined and used by the United States Bureau of the Census, but does not include school districts or special districts.

Subsection (m) provides that the term "State development plan" means a plan for the expenditure of funds through which a State is entitled under subsections (a) through (c) of section 202.

Subsection (n) provides that the term "State development planning system" includes a State development planning advisory commission, comprised of the Governor and one representative from each government planning board of each multi-jurisdictional planning district within the State, which shall advise the Governor with respect to the formulation of the State development plan. Such planning boards shall be comprised of elected officials from local governments affected and shall have such duties as the Governor may determine. Such multi-jurisdictional planning districts shall encompass the entire geographic area of the State.

SECTION 102—DATA FOR DEFINITIONS

Section 102 provides that, where appropriate, definitions in section 101, or the modification thereof, shall be based on the reports of the Department of Commerce or the Office of Management and Budget. The latest published data is to be used in applying these definitions.

TITLE II—RURAL DEVELOPMENT REVENUE SHARING

SECTION 201—APPROPRIATION AUTHORIZATION

Section 201 authorizes the appropriation for title II of sums without fiscal year limitation as may be necessary for each fiscal year.

SECTION 202—STATE ENTITLEMENT

Subsection (a) of section 202 provides that of the amounts provided from appropriations authorized by section 201 for any fiscal year for title II, a minimum of 80% shall be apportioned by the Secretary among the States in accordance with their entitlement as determined by subsection (b) and (c).

Subsection (b) provides that one percent of the moneys apportioned pursuant to subsection (a) shall be divided among the States in equal proportion.

Subsection (c) provides that each State shall be entitled to a portion of the remainder of the moneys apportioned per subsection (a), which portion shall be determined in accordance with paragraphs (1) through (3) below:

Paragraph (1) provides that 50 percent of the remainder shall be distributed according to rural population.

Paragraph (2) provides that 25 percent of the remainder shall be distributed according to rural per capita income.

Paragraph (3) provides that 25 percent of the remainder shall be distributed according to loss of rural population.

Subsection (d) provides that amounts not apportioned pursuant to subsections (a) through (c) and amounts recovered under section 304 may be available for distribution at the discretion of the Secretary.

Subsection (e) provides that, notwithstanding any other provision of the Act, each State is required to use a sufficient portion of the moneys to which it is entitled to carry out an extension program comparable in size and type to the extension program carried out in the State in fiscal year 1971, and that the Cooperative Extension Service shall be permitted to continue 4-H, nutritional aide programs, and other agricultural programs in metropolitan areas.

Subsection (f) provides that until such time as a State is authorized under State law to receive funds and carry out activities as provided by this Act, or, in the event a State refuses to accept such funds, the funds to which such State would have been entitled shall be available for allocation by the Secretary for the purposes of this title.

Subsection (g) provides that the Secretary's determinations under section 202 shall be final and conclusive.

SECTION 203—STATE DEVELOPMENT PLAN

Section 203 provides that commencing with fiscal year 1973 as a condition precedent to receiving entitlements under subsections (a) through (c) of section 202, the Governor of each State shall publish and submit a State development plan, which shall be formulated through the State development planning system or an alternative planning system which assures consultation and coordination with local government. Amendments to such plan may be submitted prior to the end of the fiscal year to which such plan relates. Development plans and amendments thereto shall not be subject to the Secretary's approval.

SECTION 204—AUTHORIZED EXPENDITURES

Section 204 provides that each State is authorized to expand its section 202 entitlement moneys for rural development as defined in section 101(c).

TITLE III—ADMINISTRATION

SECTION 301—PAYMENTS TO STATES

Section 301 provides that the Secretary shall make payments to each State at such intervals and in such installments as he shall determine; that the Secretary shall, with the concurrence of the Director of the Office of Management and Budget, prescribe regulations to avoid inordinate Federal outlays in fiscal years 1972 and 1973 resulting from concurrent disbursements under this Act and certain Federal programs modified or abrogated by title IV of this Act.

SECTION 302—RECORDS, AUDITS, AND REPORTS

Subsection (a) of section 302 provides that revenues shared by the States are to be accounted for as Federal funds.

Subsection (b) provides that each State must utilize proper disbursement and accounting procedures, maintain and provide the Secretary with access to, books, documents, records, etc., and make such reports as the Secretary may require.

SECTION 303—RECOVERY OF FUNDS

Section 303 provides that shared revenues shall be considered as Federal financial assistance within the meaning of Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d).

SECTION 304—RECOVERY OF FUNDS

Subsection (a) of section 304 provides that if the Secretary determines, after giving reasonable notice and opportunity for hearing, that State has failed to comply substantially with the provisions of this Act, he shall: (1) refer the matter to the Attorney General for appropriate civil action; or (2) notify such State that if corrective action is not taken within 60 days of such notice that such State's revenue shall be reduced in the same or succeeding fiscal year by an amount equal to the funds which were not expended in accordance with the Act's provisions; or (3) take such action as may be provided by law.

Subsection (b) authorizes the Attorney General to seek appropiate court respect to a matter referred to him under subsection (a).

Subsection (c) authorizes a State to file a petition in an appropriate U.S. Court of Appeals to review the Secretary's reduction of such State's revenue share pursuant to subsection (a), and provides rules of procedure and for Supreme Court review with respect to such petition.

SECTION 305—ADVANCE PAYMENTS

Section 305 provides that advance payments to States or political subdivisions thereof made through December 31, 1971, and which are unearned by the close of business on December 31, 1971, shall be either returned promptly to the Federal agency concerned, or offset against the first shared revenues to which the same State or political subdivision thereof becomes entitled under this Act.

SECTION 306—POWERS OF THE SECRETARY

Section 306 vests the Secretary with general administrative powers to carry out effectively the provisions of this Act.

SECTION 307—AGREEMENTS BETWEEN STATES

Section 307 gives Congressional consent to cooperation and agreements between States.

SECTION 308—REPORT BY THE SECRETARY

Section 308 requires the Secretary to make an annual report to the President and the Congress regarding the programs conducted under, and general effectiveness of, this Act.

SECTION 309—ADMINISTRATIVE EXPENSES

Section 309 authorizes, without fiscal year limitation, such sums as may be necessary to administer title III of this Act.

SECTION 310—LABOR STANDARDS

Section 310 provides that the provisions of the Davis-Bacon Act, relating to the payment of prevailing wage rates, shall be applicable to certain projects assisted by shared revenues under this Act.

SECTION 311—RELOCATION COSTS

Section 311 provides that no Federal relocation contribution in addition to shared revenues shall be provided to assist those displaced by community development activities under this Act.

SECTION 312—MATCHING GRANTS

Section 312 provides that rural community development funds may be used by States or local governments as matching shares for Federal grant programs which contribute to rural development.

SECTION 313—EFFECTIVE DATE

Section 313 provides that the effective date of this Act shall be January 1, 1972.

TITLE IV—TRANSITION

PART A—PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965

SECTION 401—DEFINITION

Section 401 provides that the word "Act" as used in part A means the Public Works and Economic Development Act of 1965, as amended.

SECTION 402—TERMINATION OF CERTAIN AUTHORITIES

Subsection (a) of section 402 provides that authority under the Act shall be exercised after December 31, 1971, except as set forth in paragraphs (1) and (2):

Paragraph (1) provides that the Secretary of Commerce may exercise the authorities set forth in subparagraphs (A) through (D).

Subparagraph (A) provides that he may carry out those agreements and obligations for which funds were obligated on or before December 31, 1971, and may also pay for construction overruns on projects approved prior to such date for which a public works or development facility grant has been provided.

Subparagraph (B) provides that he may designate Indian reservations.

Subparagraph (C) provides that he may provide financial assistance for public works and development facilities, business loans and guarantees, and technical and planning assistance projects located within Indian reservations.

Subparagraph (D) provides that he may provide technical assistance for certain matters related to the Trade Expansion Act.

Paragraph (2) provides that all other authorities under the Act, including the authority to make appropriations where such authority is not otherwise provided, may be exercised to the extent necessary to carry out section 402 and all other duties under the Act, including the duty to make annual reports to Congress, shall be exercised to the extent proper to carry out section 402.

Susection (b) provides that all planning and administrative expense grants, those to organizations and individuals on Indian reservations shall provide for a termination date no later than June 30, 1972.

SECTION 403—TERMINATION OF DESIGNATION

Section 403 provides that the designation of all "Title I" areas, of all redevelopment areas, except Indian reservations, of all economic development districts, and of all economic development centers shall be deemed terminated at midnight on December 31, 1971.

SECTION 404—TRANSFER OF CERTAIN APPROPRIATIONS

Subsection (a) of section 404 provides that fiscal year 1972 appropriations will be treated as described in paragraphs (1) and (2):

Paragraph (1) provides that 50 percent of the total appropriation, except the appropriation for title V, shall not be obligated after December

31, 1971, except to the usual extent for Indian assistance, research, and trade adjustment technical assistance and except to carry out obligations made on or before December 31, 1971, and shall be transferred to and merged with the funds authorized under section 201.

Paragraph (2) provides that the full amount of the remaining 50 percent may be obligated on or before December 31, 1971, but such amount as is unobligated prior to such date shall be transferred to and merged with the funds authorized by section 201.

Subsection (b) provides that all collections and repayments deposited in the Economic Development Revolving Fund on or before December 31, 1971, shall be transferred to and merged with the funds authorized by section 201, except that an amount may be retained in such fund to the extent necessary to pay interest to the Treasury on loans outstanding under the Act.

SECTION 405—CERTAIN PROVISIONS REPEALED

Subsection (a) of section 405 repeals, as of July 1, 1972, that title of the Act which establishes the regional commissions and sets forth their functions.

Subsection (b) provides that the Secretary of Commerce shall, no later than June 30, 1972, assume the outstanding projects, agreements and other commitments of the commissions, and the authorities which were undertaken by and vested in the Commissions pursuant to the Act.

Subsection (c) provides that the commissions shall make any assignments to the Secretary of Commerce prior to June 30, 1972, as may be necessary to enable him to fulfill the functions described in subsection (b).

Subsection (d) provides that, on January 1, 1972, there shall be transferred to and merged with the funds authorized under section 201, all balances of title V appropriations which are unobligated, except amounts available for administrative expenses of the commissions to June 30, 1972.

Subsection (e) provides that each commission shall make a report to Congress, with regard to fiscal year 1971 activities, not later than June 30, 1972, rather than January 31, 1973, as is provided in the Act.

PART B—APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965

SECTION 406—DEFINITION

Section 406 provides that the word "Act" as used in part B means the Appalachian Regional Development Act of 1965, as amended.

SECTION 407—TRANSFER OF APPROPRIATION BALANCES

Section 407 transfers to and merges with the funds authorized under section 201, uncommitted balances of available authorizations and appropriations for the Appalachian Development Highway program and the other Appalachian assistance programs on January 1, 1972, except as provided in the following subsections.

Subsection (a) exempts from the transfer amounts required for grants approved by the Commission before December 31, 1971, under the following sections of the Act: section 202 (demonstration health projects); section 203 (land stabilization and conservation projects); section 204 (timber development); section 205 (mine area reclamation); section 211 (vocational education); section 212 (sewage treatment); section 214 (supplements to other Federal grants); and section 302(a)(2) (research, technical assistance and demonstration projects); and provides, in effect, that funds may be obligated for construction overruns on projects approved before December 31, 1971.

Subsection (b) makes allowance for the fact that under the contract authority provisions applicable to the Appalachian development highway program, authorizations for a fiscal year become available for use in the preceding fiscal year. Since the amounts authorized for the development highway program for fiscal year 1972 have already become available and been apportioned to the States, this subsection provides that such amounts shall not be included in the transfer. Moreover, since the amounts authorized for the highway program for fiscal year 1973 will similarly become available and subject to mandatory apportionment in fiscal 1972, this subsection also provides that the funds authorized for fiscal 1973 shall not be so apportioned.

Subsection (c) makes allowance for the fact that under the Appalachian program, the States are also authorized to pre-finance construction with their own funds and then claim reimbursement from the Federal Government. Thus, this subsection provides that amounts required to meet these commitments on all projects approved before December 31, 1971, under section 201(h) of the Act, shall not be transferred, to the extent such commitments are in excess of the amount apportioned to that State for the highway program.

Subsection (d) provides that amounts necessary to provide for administration and monitoring of projects approved before December 31, 1971, including the highway projects, are excepted from transfer.

Subsection (e) makes allowance for the fact that there is a question whether, under State law, certain types of project applicants will be eligible to receive State funds. Thus, subsection (e) excludes from the transfer, amounts necessary for continuing operating grants under section 202 and for administrative expenses of local development districts under section 302 of the Act. The purpose is to permit funding of these demonstration projects and local development organizations to continue for an additional six months through June 30, 1972, in order to give the State sufficient time to enact enabling legislation or take such other action as may be necessary to make such grantees eligible for State funds.

Subsection (f) exempts from the transfer funds which have been desposited in the Appalachian Housing Fund, and authorizes the Secretary of Housing and Urban Development to continue to make loans and grants under section 207 of the Act.

SECTION 408—APPALACHIAN REGIONAL COMMISSION

Section 408 provides for the continuation of Federal administrative support for the Appalachian Regional Commission and staffs.

SECTION 409—CONTINUATION OF AUTHORITIES

Section 409 provides for the continuation of duties vested in the Secretaries of Transportation; Health, Education and Welfare; Agriculture; Housing and Urban Development; and Labor; and other Departments to the extent necessary to carry out this Act.

PART C—DEPARTMENT OF AGRICULTURE

SECTION 410—RURAL ENVIRONMENTAL ASSISTANCE PROGRAM

Section 410 provides that no application for federal cost sharing for soil-building and soil and water conserving practices under sections 7 to 15, 16(a), and 17 of the Soil Conservation and Domestic Allotment Act shall be approved after December 31, 1971, and that unused contract authority is rescinded after December 31, 1971. The annual program under this legislation has normally been carried out over an 18-month period beginning July 1 of the calendar year. The program for 1972, however, would be limited to those persons whose applications were approved no later than December 31, 1971; no applications for program participation could be approved under this provision after that date.

SECTION 411—WATER BANK

Section 411 provides that no agreements shall be entered into under the Water Bank Act.

SECTION 412—FORESTRY ASSISTANCE

Section 412 provides that after December 31, 1971, no funds shall be paid to States or political subdivisions thereof under existing Federal programs for cooperative forest management, fire protection, production and distribution of forest tree seeds and nursery stock, forest pest control, and tree planting. Except, however, for the payment of such funds to States and political subdivisions thereof, the Secretary of Agriculture's authority to give forestry assistance under the statutes specified in section 412 is unaffected.

SECTION 413—WATER AND WASTE DISPOSAL SYSTEMS

Section 413 terminates as of the end of the calendar year 1971 the authority of the Secretary of Agriculture under section 306(a)(2) of the Consolidated

Farmers Home Administration Act of 1961 to make grants to public and quasi-public bodies and non-profit associations for the construction of water and waste disposal facilities in rural areas and under section 306(a)(6) of the same Act to make grants for the preparation of official comprehensive plans for the development of water and sewer systems in rural areas.

SECTION 414—GREAT PLAINS CONSERVATION

Section 414 would prohibit the Secretary of Agriculture from entering into new contracts with producers under the Great Plains Conservation Program after December 31, 1971.

SECTION 415—RESOURCE CONSERVATION AND DEVELOPMENT

Section 415 prohibits assistance for those projects that have not been approved on or prior to December 31, 1971, under section 32e of Title III of the Bankhead-Jones Farm Tenant Act or sections 1–6 of the Soil Conservation Domestic Allotment Act, in a resource conservation and development plan developed in the program for land stabilization and land conservation authorized under sections 31 and 32 of Title III of the Bankhead-Jones Farm Tenant Act.

SECTION 416—EXTENSION SERVICE

Subsection (a) of section 416 provides that no payments to States shall be made for extension work as authorized by the Smith-Lever Act or the Agricultural Marketing Act of 1946 after December 31, 1971. It further provides that no payments shall be made by the Secretary after June 30, 1972 for retirement costs and to the Employees' Compensation Fund for State cooperative extension employees.

Since the District of Columbia is not included in the definition of "State", the effect of section 416(a) would be to continue the statutory authority to finance the Federal share of the District of Columbia extension program.

Subsection (b) provides that equipment in the possession of the Land-Grant Universities which was purchased from funds made available for extension shall remain the property of the University.

Subsection (c) provides that the authority relating to penalty mail provisions for extension employees is repealed, effective December 31, 1971.

Subsection (d) provides for the retention by cooperative extension employees of coverage under the Injury Compensation Program, the Unemployment Compensation Program, the Federal Retirement Program, the Federal Employees' Group Life Insurance Program and the Federal Employees' Health Benefits program if the State continues an extension program. The State would be required to bear the employer's share of the costs of such programs after July 1, 1972.

SECTION 417—LAND STABILIZATION, CONSERVATION AND EROSION CONTROL

Section 417 provides that no agreements under section 203 of the Appalachian Regional Development Act of 1965 would be entered into after Decembr 31, 1971.

SECTION 418—OUTSTANDING OBLIGATIONS

Subsection (a) of section 418 authorized the Secretary of Agriculture to carry out commitments, contracts, and other obligations entered into under programs or activities terminated by sections 410 through 417 and for which funds have been obligated on or before specified termination dates, and provides that in no event shall payments to States for extension work in fiscal year 1972 exceed 50 percent of the appropriations for such purposes.

Subsection (b) authorizes appropriations without fiscal year limitation necessary to carry out part C.

Subsection (c) provides that except for appropriations made pursuant to subsection (b), any funds appropriated for any program or activity terminated by sections 401–417 which would be used to finance operations which would be carried out if such program or activity had not been terminated and are not obligated on the date specified for such termination, shall be transferred to and merged with the funds authorized under section 201.

FACT SHEET—RURAL COMMUNITY DEVELOPMENT REVENUE SHARING ACT OF 1971

The purpose of the proposed Rural Community Development Special Revenue Sharing is to provide more effective assistance for rural community development, by making available funds to the States in a flexible manner.

RURAL DEVELOPMENT SHARING PAYMENTS

The bill authorizes the Secretary of Agriculture to make payments to States from appropriations made for rural development revenue sharing. The amount of payment which each State is entitled to receive is determined by a formula based upon the rural population, rural per capita income, and change in rural population of the State. The payments are made to the States by the Secretary at such intervals and in such installments as he may determine.

Funds available to each State under this program will at least equal funds which have been available to that State under the Federal programs converted to Rural Community Development special revenue sharing.

AUTHORIZED EXPENDITURES

Each State plus Puerto Rico, Virgin Islands, and Guam is entitled to expend its payments for any program or activity which directly benefits the residents of one or more rural areas within the State. Rural areas are defined as counties or similar political subdivisions which either have a population density of less than 100 persons per square mile or are not included within a Standard Metropolitan Statistical Area. Counties eligible for rural special revenue sharing expenditures exceed 2800.

Activities which may be supported with revenue sharing funds include all those conducted under the Federal programs converted to revenue sharing, plus such other activities as the State may designate—including direct financial incentives to private enterprise, agricultural, commercial, and industrial. The limiting factors are that the activities must benefit the State's rural residents as defined in the legislation and be spent according to the State Plan.

Source of funds

	Millions
General:	
New money	$179
Title V regional commissions	38
Appalachian Regional Commission	278
Economic Development Administration	227
Resource conservation and development program	4
Education: Cooperative Agricultural Extension Service	149
Water and sewer: Rural water and waste disposal facilities grants	42
Environment:	
Rural environmental assistance program	140
Forest service grants	21
Great Plains conservation program	11
Water bank program	10
Tree planting assistance	1
Total	1,100

ADMINISTRATION

Initially, the Secretary of Agriculture will administer Rural Community Development Special Revenue Sharing, but it is contemplated that with the creation of the proposed Department of Community Development, the Department would administer both Rural and Urban Community Development Special Revenue Sharing.

PLANNING REQUIREMENTS

As a condition of receiving funds under the program, each State would be required to prepare and file with the Secretaries of Agriculture and HUD a statewide development plan outlining spending intentions for programs in metropolitan, suburban, smaller city and rural areas alike. The plans would not require Federal approval. The principal purpose is to focus state attention on the inter-relationship of urban and rural community development and encouraging a coordinated planning process within the State. The plans would be developed by the governor in consultation with multi-jurisdictional planning districts throughout the State, composed of elected officials, and an advisory panel consisting of an elected official from each planning district. An alternative consultation process can be suggested by the State.

NO MATCHING REQUIREMENTS

There are no matching requirements for rural revenue sharing payments. Payments received by a State may be used to pay up to 100 percent of the cost of rural development programs and activities. Moreover, the payments may be used to meet matching share requirements of remaining Federal categorical grant programs which contribute to rural development.

NO MAINTENANCE OF EFFORT REQUIREMENTS

The legislation does not include a maintenance of effort requirement. The States are not therefore compelled to use rural revenue sharing payments for programs for which Federal funds incorporated in rural revenue sharing were previously used.

FISCAL CONTROL AND AUDIT

The legislation requires the States to use such accounting procedures and make such reports as the Secretary may require. The legislation also requires the Secretary to audit annually each State that receives funds under the Act and authorizes him to make recommendations concerning future rural development special revenue sharing legislation and programs.

CIVIL RIGHTS

The requirements of title VI of the Civil Rights Act of 1964 which prohibit discrimination in Federally-assisted programs would be made specifically applicable to rural revenue sharing payments.

Rural community development special revenue sharing fact sheet

State	*Full year special revenue sharing payment*	*State*	*Full year special revenue sharing payment*
Alabama	$31, 621, 797	Nevada	$3, 305, 805
Alaska	6, 005, 315	New Hampshire	4, 573, 866
Arizona	8, 050, 592	New Jersey	13, 423, 863
Arkansas	23, 654, 439	New Mexico	11, 274, 635
California	28, 581, 922	New York	43, 363, 644
Colorado	10, 157, 250	North Carolina	47, 308, 559
Connecticut	3, 632, 731	North Dakota	10, 288, 509
Delaware	1, 425, 141	Ohio	35, 659, 397
Florida	21, 624, 846	Oklahoma	22, 675, 298
Georgia	37, 549, 118	Oregon	9, 981, 209
Hawaii	1, 875, 519	Pennsylvania	46, 643, 400
Idaho	8, 091, 275	Rhode Island	1, 726, 187
Illinois	29, 852, 696	South Carolina	26, 286, 225
Indiana	21, 834, 101	South Dakota	9, 946, 805
Iowa	28, 625, 697	Tennessee	42, 555, 061
Kansas	20, 203, 850	Texas	51, 113, 344
Kentucky	65, 576, 950	Utah	5, 351, 181
Louisiana	22, 719, 832	Vermont	3, 699, 820
Maine	10, 682, 454	Virginia	26, 975, 519
Maryland	12, 701, 105	Washington	11, 756, 245
Massachusetts	6, 277, 871	West Virginia	65, 177, 201
Michigan	21, 081, 928	Wisconsin	22, 636, 792
Minnesota	29, 529, 434	Wyoming	5, 698, 912
Mississippi	34, 608, 084	Puerto Rico	25, 872, 005
Missouri	28, 559, 575	Virgin Islands	1, 051, 347
Montana	8, 934, 715	Guam	1, 314, 112
Nebraska	13, 299, 928		

Rural community development special revenue sharing payments, $1,086,467,-106.

Discretionary funds, $13,532,894.

Full year rural community development special revenue sharing fund, $1,100 million.

RURAL COMMUNITY DEVELOPMENT REVENUE SHARING

HOLD HARMLESS BASE LINE

Definition

Each State's historical average share was calculated by adding together the obligations of the programs converted to Rural Community Development Special Revenue Sharing for that State during the period 1967–70 inclusive and dividing by the sum of obligations for these programs of the States during the same period.

Each State's "Hold Harmless" base line was calculated by multiplying the State's historical average times the obligations expected to be allocated to all of the States in 1971—$908,311,000. This procedure was used because on some programs the obligations to States are for specific projects rather than for support of services, and therefore, in some years certain States received large amounts of funds and in other years their funding is small. To pick any one year as a base line would penalize some States and give other States undue advantage. The averaging effect of the four-year period ameliorates any inequities.

Sources of Data

U.S. Department of Agriculture, Division of Budget and Finance. U.S. Department of Commerce, Division of Budget and Finance, Appalachian Regional Commission, Division of Budget and Finance.

RURAL COMMUNITY REVENUE SHARING ALLOCATION

Formula Used

Of the amounts appropriated for any fiscal year a minimum of eighty percent shall be apportioned by the Secretary of Agriculture among the States.

One percent of the amount to be apportioned shall be divided among the States in equal proportion.

Each State shall be entitled to a portion of the remainder of the amount required to be apportioned, and that portion shall be determined as follows:

> Each State shall receive an amount equal to fifty percent of the remainder multiplied by a fraction the numerator of which is the rural population of the State at the most recent point in time for which appropriate statistics are available and the denominator of which is the sum of the rural populations of all States at the same point in time;
>
> Each State shall receive an amount equal to twenty-five percent of the remainder multiplied by a fraction the numerator of which is the average of per capita incomes of all the States at the most recent point in time for which appropriate statistics are available less the rural per capita income of the State at the same point in time, such difference to be multiplied by the rural population of the State at the same point in time, and the denominator of which is the sum of the positive differences for each State multiplied by that State's rural population: Provided, however, that if the rural per capita income of a State is greater than the average of per capita incomes of all the States, the differences stated above shall be considered zero; and
>
> Each State shall receive an amount equal to twenty-five percent of the remainder multiplied by a fraction the numerator of which is the percentage change in population of all the States less the percentage change in rural population of the State, such difference to be multiplied by the rural population of the State during the most recent and appropriate time period for which statistics are available, and the denominator of which is the sum of the positive differences for each State multiplied by that State's rural population: Provided, however, that if the percent rate of change of rural population of a State during such period is greater than the percentage rate of change of the populations of all States during the same period, the differences stated above shall be considered zero.

Discretionary Allocations

An amount up to 20 percent of the fund may be allocated at the discretion of the Secretary of Agriculture.

NOTES

All computations and determinations by the Secretary of Agriculture are final and conclusive.

RURAL COMMUNITY DEVELOPMENT REVENUE SHARING

[Dollars in thousands]

	Hold harmless base line	RCDRS allocation
State:		
Alabama	$30,717	$31,622
Alaska	6,005	6,005
Arizona	4,643	8,051
Arkansas	20,033	23,654
California	27,846	28,582
Colorado	10,157	10,157
Connecticut	3,007	3,633
Delaware	936	1,425
Florida	9,103	21,625
Georgia	37,549	37,549
Hawaii	927	1,876
Idaho	4,688	8,091
Illinois	22,786	29,853
Indiana	11,366	21,834
Iowa	14,554	28,626
Kansas	12,401	20,204
Kentucky	65,577	65,577
Louisiana	12,419	22,720
Maine	6,987	10,682
Maryland	12,701	12,701
Massachusetts	6,278	6,278
Michigan	16,808	21,082
Minnesota	16,153	29,529
Mississippi	33,624	34,608
Missouri	18,788	28,560
Montana	8,767	8,985
Nebraska	10,557	13,300
Nevada	1,590	3,306
New Hampshire	2,389	4,574
New Jersey	8,340	13,424
New Mexico	7,404	11,275
New York	43,364	43,364
North Carolina	36,450	47,309
North Dakota	9,667	10,289
Ohio	35,659	35,659
Oklahoma	22,141	22,675
Oregon	8,395	9,981
Pennsylvania	46,643	46,643
Rhode Island	1,726	1,726
South Carolina	21,314	26,286
South Dakota	7,550	9,947
Tennessee	42,555	42,555
Texas	45,499	51,113
Utah	5,351	5,351
Vermont	3,044	3,700
Virginia	24,730	26,976
Washington	11,756	11,756
West Virginia	65,177	65,177
Wisconsin	13,455	22,637
Wyoming	3,670	5,699
Guam	9	1,314
Puerto Rico	15,000	25,872
Virgin Islands	55	1,051
Total allocated[1]	908,311	1,086,467
Unallocated discretionary amounts		13,533
Total[1]	908,311	1,100,000

[1] Totals may not be exact due to rounding.

Senator HUMPHREY. Now, as I said earlier, members of the subcommittee would like to make a brief statement and I now want to yield to the ranking minority member, Senator Curtis.

STATEMENT OF HON. CARL T. CURTIS, A U.S. SENATOR FROM THE STATE OF NEBRASKA

Senator CURTIS. Thank you, Mr. Chairman.

I want to welcome our witnesses here. I am sure that they will be able to make a distinct contribution on this, the start of our hearings.

In some respects the information this committee will gather will be information that is well known to many people. But by placing it on the public record and by exposing it to the media, it is hoped it will mobilize public interest in and out of Congress on this important task of revitalizing rural America and having the Nation avail itself of the great opportunities that are there.

The President of the United States has expressed an interest in rural development on many occasions. In his pronouncements on rural affairs he has repeatedly used the phrase "we should reverse the migration that has been going on from country to city." He has not been content just merely to stop it, he wants it reversed.

The administration has started a program national in scope, directed toward this objective.

For a long time I have been interested in rural development and I am glad that this subcommittee has been constituted to promote such a program. The rural America with which I am most familiar has the space, the national resources, the clear, pure air and water, and the people upon whom a great future can be built for our country. To my mind rural development means primarily more job opportunities. It means more industry in our small towns and cities in our agricultural States. This will reverse the migration from country to city. The bringing of more job-producing enterprises to rural America is not a substitute for the efforts to raise farm income. We need both. We need more industrial development in addition to better prices for our agricultural products. I am sure that by the time these hearings are complete the witnesses who will appear will have provided us with many recommendations worthy of consideration.

Mr. Chairman, I shall not take further time because both of my colleagues on the minority side, Senators Dole and Bellmon, are vitally interested in rural development, and I would like to have them as well as Senator Allen make a statement.

Senator HUMPHREY. Thank you very much, Senator Curtis.

Senator Allen, do you have any comment you would like to make?

STATEMENT OF HON. JAMES B. ALLEN, A U.S. SENATOR FROM THE STATE OF ALABAMA

Senator ALLEN. Thank you, Mr. Chairman.

First I want to commend you for your leadership in this field and conceiving the idea of the subcommittee and the scope of its work. I certainly do appreciate the attendance of the distinguished witnesses that we will hear from today.

To my way of thinking we are today opening hearings on one of the most important issues before the Congress—an issue that could spell the difference between success or failure in our struggle to preserve our American way of life.

Behind the headlines—behind the news of our struggle against communism—behind the news of congressional investigating committees—this subcommittee will be quietly and resolutely moving to strengthen the most vital of all our blessings, the heritage of rural America.

As we know, nearly 70 percent of the Nation's people are presently packed onto only 1 percent of the nation's land. Only 10 million people currently live on U.S. farms. Of the nation's 435 congressional districts, only 35 have a farm population of more than 25 percent, and 21 States do not have a single district in which as many as 15 percent of the people are farmpeople.

Behind these statistics, Mr. Chairman, are scattered families, depleted small cities and towns, teeming suburban areas and overcrowded city ghettoes. All of this is to say that rural development also has a special meaning for nonrural residents. It means that if we are to help solve the problems of the cities, we must create a new rural environment which will not only curb the migration to the urban areas, but reverse it.

As these hearings unfold, I am confident that it will become abundantly clear how much our national goals for the decade of the seventies involve farms and our smaller cities and towns. The residents of rural America will never enjoy the prosperity to which they are entitled until there is more industry in our smaller cities, towns, villages, and communities and until there is a better balance between agriculture and industry in these areas.

From these hearings we shall, I know, determine the means by which to foster economic growth and to enhance the well-being of the people of rural America—means such as better schools, better hospital and health care facilities, better water and sewerage treatment works, and better recreational opportunities, and better farm commodity programs.

In addition, I would also hope that these hearings would also show the necessity for decentralizing the functions of the Federal Government. An outstanding example of regional government is the great Tennessee Valley Authority. I would hope that this subcommittee would take a close look at the triumphs of TVA. It is a prime example of the people working hand-in-hand with their government with an absolute minimum of control and interference from Washington, D.C.

We must continue our endeavor to improve the quality of life in our urban areas, but as we do this let us remember that rural America is the mudsill of our national life. These hearings will set the stage for the Congress to play its part in the development of rural America. I am proud to serve on this subcommittee and look forward to the hearings both here in Washington and in the field.

Thank you.

Senator HUMPHREY. Thank you, Senator Allen.

I want to assure you this is a totally bipartisan committee because we have the chairman of the National Republican Committee, my good friend from Kansas.

Senator Dole, we are going to be walking arm-in-arm on rural development. I do not know what this is going to do to you. You better watch out.

STATEMENT OF HON. ROBERT DOLE, A U.S. SENATOR FROM THE STATE OF KANSAS

Senator DOLE. Thank you, Senator.

I am not really partisan in any event.

I do not want to trespass the time of the three cabinet officers and other witnesses so I would like to take about 2 minutes to summarize the statement and have it made a part of the record in full.

Senator HUMPHREY. As if delivered, it is so ordered.

(The statement is as follows:)

Senator DOLE. Mr. Chairman, literally billions of dollars have been spent in the past 30 to 40 years on various farm programs. They were good farm programs for they were designed to improve the income of our farmers who were unable to increase the prices they received for their commodities. Congress has repeatedly legislated these programs with all good intentions, but it is obvious now that the programs have been inadequate in terms of improving farm income sufficiently to maintain our farm population.

In the last 10 years we have lost an average of about 100,000 farm population each year who migrated to the city where they could improve their income. This shift in population, coupled with normal population growth has changed population structure to the extent that population in urban centers outnumbers our rural population causing members of Congress to have difficulty in passing farm legislation. Too often Congress concerns itself with means to eliminate or limit farm programs, not recognizing the further complication this could bring to the urban centers.

During the past decade government has mounted a massive effort to improve conditions in our urban centers. We are making tremendous efforts to eliminate poverty, social injustice, and develop our urban areas into healthy, happy, prosperous environments. The question is now being raised, however, as to whether these improvements, in the long run, tend to perpetuate rural outmigration and imbalanced conditions instead of eliminating them.

TASK FORCE ON RURAL DEVELOPMENT

When President Nixon created his task force on Rural Development in 1969, he charged the task force to recommend, "What might be done in the private and public sectors to stimulate rural development."

The task force outlined the purpose of rural development to assist rural America in many ways such as creating new jobs, improving the environments, and improving living conditions in general. Following that outline the task force determined what rural development is and is not and I quote:

> Rural development does not "give" people anything except the encouragement and tools to work together and the promise that their effort will be rewarded.
>
> Rural development is not:
>
> A new agency of Government.
>
> A new appropriation to spend money in rural America.
>
> A new set of directives from the Federal Government.
>
> A program handed down and run from above.
>
> Rural development is however, many things:
>
> (1) Rural development is aimed at those with low incomes and the underemployed, but it is not just a poverty program—however, dealing with poverty is a No. 1 challenge.
>
> (2) Rural development is a "people" program to lift up those in greatest need, whether disadvantaged for economic or social reasons—but it is not a civil rights program or a rural slum program. However, by creating greater

opportunity for all, those who will be helped the most are those who have been the most disadvantaged.

(3) Rural development is aimed at job creation, but it is not just an industrialization program—although jobs through private enterprise is the key to long-lasting economic opportunity.

(4) It is aimed at improving rural America, but it is not just a farm or rural program that benefits only those in rural countryside—although this is were the work will be done.

(5) Rural development is built on local initiative, but it does not depend solely on local resources and local leadership—nevertheless, local initiative is the key to the success of rural development.

(6) Rural development is aimed at a better quality of life, but rural development is not just a social program—even though quality of life and a better society is the end product of rural development.

(7) Rural development is aimed at population and industrial dispersion, but it is not just a land policy or settlement program—however, physical surroundings and environmental development are vital for clean air, clear water, open space, scenic beauty, recreation and "room to live."

Rural development then, is a combination of specific programs directed toward a broad horizon—all intended to help create a nation of greater beauty, deeper satisfactions, and expanded opportunities for all Americans, now and in the future, both in urban and rural areas.

Rural development will build a new rural countryside America, and by building a new and better rural America we will build better cities and a better America—a new life for the country.

LOCAL INITIATIVE

American ingenuity has been at work trying to solve these problems. My state of Kansas has taken some positive steps through its economic development commission. With this agency's help the spontaneous initiative of concerned citizens has resulted in community sponsorship of new industry, recreational facilities, water and sanitation improvements, or improved health facilities. This local initiative is greatly desired, but most communities need some motivation to assure proper planning and completion of community projects. If the Congress, through this subcommittee, can create legislation that will provide such an impetus for local initiative, rural America could come alive with renewed vigor.

The aerospace industry has found that the native Kansan can be readily trained to switch from planting and harvesting crops to metal fabrication of aircraft, assembly of sensitive electronic gear and executive management. As a result Kansas is the air capital of the world, producing more private aircraft than any other State. Rural Americans are eager to learn new skills.

BROADER EDUCATION

Americans must be offered an equal level of opportunity with urban Americans. This can be assisted through education. To meet the needs of contemporary society, they need both a higher quality of general education and a wider offering of vocational and technical education.

Kansas has been one State that has taken the lead in educational reform. Its greatest step forward was the elimination of small one-room schools by consolidating them into county and school districts. This has greatly improved the quality of the education of rural Kansans. Continuously upgrading teachers salaries and facilities, the State has developed an impressive system of primary and secondary schools, high schools, junior colleges, and universities, and a wider variety of vocational and trade schools. This has greatly improved the quality of the education of rural Kansans.

STUDY STATE EFFORTS

While I mention the progress Kansas had made in economic and educational rural development this is not to say that this effort has solved the State's rural outmigration. Kansas, as all the States of the Nation, has made some efforts to stop or reverse this urban centralization.

Mr. Chairman, I would hope that in the field hearings we plan for this subcommittee in the coming weeks and months that we pay particular attention to the efforts the States have made to help themselves. Many of the efforts of these individual States can be passed on, modified, and expanded for other States. With the information we gain from these hearings and guided by the recommendations of President Nixon's Task Force on Rural Development, I believe this committee will be able to offer new legislation that will strengthen these State and local efforts.

RURAL REVENUE SHARING

Earlier this week, it was my privilege to cosponsor President Nixon's legislative proposal for rural revenue sharing. This legislation is consistent with the recommendation of the President's rural development task force to streamline Federal programs, and make them more effective. The rural revenue sharing bill offers the States and local governments the opportunity to help themselves in the best way possible and with the able assistance of the Extension Service.

Rural revenue sharing is a first step toward rural development, as it makes federal funds responsive to local need. It will effectively decentralize the top heavy bureaucracy that holds up approval of Great Plains conservation proposals, causes delays in water and sewer planning for rural communities and means months of waiting after a multicounty organization has applied for resource conservation and development project approval. Administration approval and emphasis of these programs would now be controlled through our State capital or county courthouse, whichever we choose to coordinate the rural revenue.

Mr. Chairman, in order to assure proper background and to provide this committee the most information possible as we embark on our extensive schedule of hearings to research rural development legislation, I would like to submit for inclusion in the hearing records:

An excerpt of President Nixon's State of the Union address pertaining to revenue sharing, January 22, 1971.

Comments by President Nixon on programs for rural America upon his arrival at Grand Forks International Airport, Grand Forks, N.D., October 19, 1970.

Excerpt of President Nixon's remarks before a student-faculty convocation at the University of Nebraska, January 14, 1971.

President Nixon's remarks before a joint session of the Iowa State Legislature, Des Moines, Iowa, March 1, 1971.

President Nixon's remarks to farm media representatives on domestic programs following the legislature presentation, Des Moines, Iowa, March 1, 1971.

President Nixon's remarks upon the signing of his message to Congress concerning the proposed rural revenue sharing March 10, 1971.

President Nixon's message to Congress regarding special revenue sharing for rural development, March 10, 1971.

Senator DOLE. Everyone on this committee is aware and I know, after serving on the House Agriculture Committee 8 years and this committee 3, that we have spent a lot of money on farm programs, good farm programs, probably billions of dollars in the past 30 or 40 years. We have not checked the migration from rural America to urban and suburban America. In the last 10 years we have lost an average of about 100,000 farm people per year, and this of course has not only increased the problems in the cities, but increased the problems in the small town and rural America everywhere in rural America.

This is a bipartisan, or nonpartisan, or all-American problem.

President Nixon created a task force in 1969 to look into rural development. The task force made a report and they defined what rural development is and what it is not. I would only cite a few examples, and I quote from that task force report:

> Rural development does not give people anything except the encouragement and tools to work together in the promise that their effort will be rewarded.

Rural development is not a new Government agency, a new appropriation to spend money in rural America, a new set of directives from the Federal Government, a program handed down and run from above. Rural development is, however, many things. Rural development is aimed at those with low incomes and the underemployed. Rural development is a people program. Rural development is aimed at job creation. It is aimed at improving rural America. Rural development is built on local initiative. It is aimed at a better quality of life. It is aimed at population and industrial dispersion. It is not just a land policy or settlement program.

So it is a combination of specific programs directed toward a broad horizon. Those of us who are fortunate enough to live in rural America appreciate many of the problems but we also envision many of the great possibilities and the great potentials in rural America.

In my own State of Kansas we found many problems, but we also found new initiatives to correct those problems in rural areas. In the aerospace industry in Wichita, we found many of the workers are part-time aircraft workers and part-time farmers. We think we have some background and some knowledge in this field.

Mr. Chairman. To make the record complete and to indicate the complete bipartisan nature of the hearing, I would like first of all to include in the record at this point title 9 of the 1970 Agricultural Act on rural development——

Senator HUMPHREY. It should be printed at this point in the record.

Senator DOLE. (continuing). Which I have the honor of cosponsoring with the distinguished Senator from Georgia, the chairman of our committee, Mr. Talmadge.

In addition I would like to submit for inclusion in the hearing records:

An excerpt of President Nixon's state of the Union address pertaining to revenue sharing, January 22, 1971.

Comments by President Nixon on programs for rural America upon his arrival at Grand Forks International Airport, Grand Forks, N. Dak., October 19, 1970.

Excerpt of President Nixon's remarks before a student-faculty convocation at the University of Nebraska, January 14, 1971.

President Nixon's remarks before a joint session of the Iowa State Legislature, Des Moines, Iowa, March 1, 1971.

President Nixon's remarks to farm media representatives on domestic programs following the legislature presentation, Des Moines, Iowa, March 1, 1971.

President Nixon's remarks upon the signing of his message to Congress concerning the proposed rural revenue sharing, March 10, 1971.

Senator HUMPHREY. Without objection those will all be included in the record.

(The documents are as follows:)

[Excerpt From President Nixon's State of the Union Address, Jan. 22, 1971]

REVENUE SHARING

The fifth great goal is to strengthen and renew our State and local governments.

As we approach our 200th aniversary in 1976, we remember that this nation launched itself as a loose confederation of separate States, without a workable central government. At that time, the mark of its leaders' vision was that they quickly saw the need to balance the separate powers of the States with a government of central powers.

And so they gave us a Constitution of balanced powers, of unity with diversity—and so clear was their vision that it survives as the oldest written Constitution still in force in the world today.

For almost two centuries since—and dramatically in the 1930s—at those great turning points when the question has been between the States and the Federal Government, it has been resolved in favor of a stronger central government.

During this time the nation grew and prospered. But one thing history tells us is that no great movement goes in the same direction forever. Nations change, they adapt, or they slowly die.

The time has come to reverse the flow of power and resources from the States and communities to Washington, and start power and resources flowing back from Washington to the States and communities and, more important, to the people, all across America.

The time has come for a new partnership between the Federal Government and the States and localities—a partnership in which we entrust the States and localities with a larger share of the nation's responsibilities, and in which we share our revenues with them so they can meet those responsibilities.

To achieve this goal, I propose to the Congress tonight that we enact a plan of revenue sharing historic in scope and bold in concept.

All across America today, States and cities are confronted with a financial crises. Some already have been cutting back on essential services—for example, just recently San Diego and Cleveland cut back on trash collections. Most are caught between the prospects of bankruptcy on the one hand and adding to an already crushing tax burden on the other.

As one indication of the rising costs of local government, I discovered the the other day that my home town of Whittier, California—with a population of only 67,000—has a budget for 1971 bigger than the entire Federal budget in 1791.

Now the time has come to take a new direction, and once again to introduce a new and more creative balance in our approach to government.

So let us put the money where the needs are. And let us put the power to spend it where the people are.

I propose that the Congress make a $16 billion investment in renewing State and local government—with $5 billion of this in new and unrestricted funds, to be used as the States and localities see fit, and with the other $11 billion provided by allocating $1 billion of new funds and converting one-third of the money going to the present narrow-purpose aid programs into Federal revenue sharing funds for six broad purposes—urban development, rural development, education, transportation, job training and law enforcement—but with the State and localities making their own local decisions on how it should be spent.

For the next fiscal year, this would increase total Federal aid to the States and localities by more than 25 percent over the present level.

The revenue sharing proposals I send to the Congress will include the safeguards against discrimination that accompany all other Federal funds allocated to the States. Neither the President nor the Congress nor the conscience of the nation can permit money which comes from all the people to be used in a way which discriminates against some of the people.

The Federal Government will still have a large and vital role to play in achieving our national purposes. Established functions that are clearly and essentially Federal in nature will still be performed by the Federal Government—such as those I have urged tonight in welfare and health—will be added to the Federal agenda. Whenever it makes the best sense for us to act as a whole nation, the Federal Government will lead the way. But where State or local governments can better do what needs to be done, let us see that they have the resources to do it.

Under this plan, the Federal Government will provide the States and localities with more money and less interference— and by cutting down the interference the same amount of money will go a lot further.

Let us share our resources:

To rescue the States and localities from the brink of financial crisis.

And to give homeowners and wage earners a chance to escape from ever-higher property taxes and sales taxes.

Let us share our resources for two other reasons as well.

The first of these reasons has to do with government itself, and the second with the individual.

Let's face it. Most Americans today are simply fed up with government at all levels. They will not—and should not—continue to tolerate the gap between promise and performance.

The fact is that we have made the Federal Government so strong it grows muscle-bound and the States and localities so weak they approach impotence.

If we put more power in more places, we can make government more creative in more places. For that way we multiply the number of people with the ability to make things happen—and we can open the way to a new burst of creative energy throughout America.

The final reason I urge this historic shift is much more personal, for each and every one of us.

As everything seems to have grown bigger, and more complex; as the forces that shape our lives seem to have grown more distant and more impersonal a great feeling of frustration has crept across the land.

Whether it is the working man who feels neglected, the black man who feels oppressed or the mother concerned about her children, there has been a growing feeling that "things are in the saddle, and ride mankind."

Millions of frustrated young Americans today are crying out—asking not what will government do for me, but what can I do, how can I contribute, how can I matter?

Let us answer them. To them and to all Americans, let us say: "We hear you and we will give you a chance. We are going to give you a new chance to have more to say about the decisions that affect your future—to participate in government—because we are going to provide more centers of power where what you do can make a difference that you can see and feel in your own life and the life of your whole community."

The further away government is from people, the stronger government becomes and the weaker people become. And a nation with a strong government and a weak people is an empty shell.

I reject the patronizing idea that government in Washington, D.C., is invitably more wise, more honest and more efficient than government at the local or State level. The honesty and efficiency of government depends on people. Government at all levels has good people and bad people. And the way to get more good people into government is to give them more opportunity to do good things.

The idea that a bureaucratic elite in Washington knows best what is best for the people everywhere and that you cannot trust local government is really a contention that you cannot trust people to govern themselves. This notion is completely foreign to the American experience. Local government is the government closest to the people and most responsive to the individual person; it is people's government in a far more intimate way than the government in Washington can ever be.

People came to America because they wanted to determine their own future rather than to live in a country where others determined their future for them.

What this change means is that once again we are placing our trust in people.

I have faith in people, I trust the judgment of people. Let us give the people a chance, a bigger voice in deciding for themselves those questions that so greatly affect their lives.

[Excerpt From the President's Remarks Upon Arrival at Grand Forks International Airport, Grand Forks, N. Dak., Oct. 19, 1970]

Let me say another thing: You live here in North Dakota and I know you are aware of the fact that under the latest census something has happened, something that, incidentally, to me, is not welcome in this country. It is a shift in population. North Dakota may lose one Congressman. The reason that it will lose one Congressman, as you know, is simply that because farm production has become more and more efficient, there is going to be a movement from the farms to the cities. That is why this administration has an exciting new program, a new program in which we recognize that what was once the old frontier of America, this great Midwest with all of its hope and its promise and its beauty and its strength becomes a new frontier.

You know what it is? It is North Dakota, South Dakota, Wyoming, Montana, and all the rest. This is good country. It is beautiful country. It is great country to raise a family in. And we ought to have programs that will provide the jobs that will bring new people into this country.

That is what we are for . . . a program to revitalize rural America, to see that the counties of America that are emptying out of people and promise, then attract by reason of the fact that they offer those job opportunities to the people that would like to live here if they had the chance. That is way in the future in this administration as we locate airports, as we locate defense installations, as we locate government buildings, as we do the planning that could have effect on development in this country, rather than concentrating it more and more in great cities which are already too overcrowded, we say go into rural America and build it up and that is, I think, a program that you in this great State will appreciate . . .

[Excerpt From the President's Remarks Before a Student-Faculty Convocation at the University of Nebraska, Jan. 14, 1971]

Consider the problems of rural America. We are a nation not only of cities but of towns, of villages and farms. In the soul and substance of rural life in this country the most abiding values of the American people are anchored. Rural America, too, needs our attention. We must create a new rural environment, a new rural prosperity, which will not only stem the migration from rural areas to the cities, but which will bring people back to the heartland of America.

Consider the problems of overpopulation, the problems of education, the problems brought about by technology, the problems of achieving full and equal opportunity for all of our people, of health, the problems of prosperity, itself, of poverty in a land of plenty. Those are just a few of the challenges that face us.

We must face them together. There can be no generation gap in America. The destiny of this Nation is not divided into yours and ours. It is one destiny. We share it together. We are responsible for it together. And in the way we respond, history will judge us together.

There has been too much emphasis on the differences between the generations in America. There has been too much of a tendency of many of my generation to blame all of your generation for the excess of a violent few. Let me repeat what I have said over and over again during the past 2 years.

I believe one of America's most priceless assets is the idealism which motivates the young people of America. My generation has invested all that it has, not only its love but its hope and its faith in yours.

I believe you will redeem that faith and justify that hope. I believe that as our generations work together, as we strive together, as we aspire together, we can achieve together—achieve great things for America and the world.

[From the President's Remarks to a Joint Session of the Iowa State Legislature, Mar. 1, 1971]

Governor Ray, Mr. President, Mr. Speaker, Mr. Chief Justice, Members of the Legislature, Members of the Supreme Court, Senator Miller, all of our distinguished guests on this very special occasion:

As Governor Ray has indicated, this is my first visit to Iowa as President of the United States. And I am honored that it takes place here in an address to the Legislature of the State of Iowa.

I should point out that Vice President Agnew has made a visit to Iowa since we came into office. You may recall that in a speech that he made in Des Moines on November 13 [1969] he received quite a bit of national publicity. I was talking to him on the phone yesterday about my pending visit to Iowa and he suggested that if I really wanted to make major news that I might address myself to the subject of the news media when I appeared before this group.

As a matter of fact, that's the most risky idea the Vice President has advanced since he invited me to play golf with him a few weeks ago.

I want you to know that I appreciate this invitation both to share with you a few of my thoughts about America's future and to reaffirm my own strong conviction that in the State capitals of America there is a wealth of wisdom and compassion and understanding of the great needs that confront our Nation's people.

This is my first appearance before a legislative body since I delivered my State of the Union before the Congress of the United States—and I am especially pleased that it is before this legislature, which I note was recently cited by the Citizens Conference on State Legislatures as one of the best in the Nation. I congratulate you for getting that kind of recognition.

In that address, I outlined six great goals for America, and I urged the Congress to join in bring about a New American Revolution—a peaceful revolution, in which power was turned back to the people, in which Government at all levels was refreshed and renewed, and made truly responsive to the people of this country.

It is especially appropriate that that appeal to the Congress should be followed by this, the first appearance as President of the United States I've had an opportunity to make before a State legislature. For as we consider the changes that are needed in American Government, we must remember that we have not one Chief Executive in America, but many; not one legislature, but many—and that each of these is a vital part of the American system.

One of my key proposals to the Congress is that we make a $16 billion investment in renewing State and local government by sharing Federal revenues without the cumbersome restrictions that now follow Federal funds. I have noted that this legislature has already expressed its support for the principle of revenue sharing. I have also proposed a sweeping reorganization of the Federal Government itself to make it more responsive to the needs of the people.

Together, these changes can give us, can give us all here in Iowa and across this great Nation, better government, but they have a special meaning, these proposals have, to what we call rural America.

First, in terms of dollars, I am announcing today that I am increasing by an extra $100 million the amount that I originally proposed in special revenue sharing for rural community development. That brings the total to $1.1 billion for the coming year. This is 24 percent more for rural development programs than is being made available to the States under existing categorical grants this year.

The direct dollar benefit to rural America is obvious. In addition, rural America will share substantially in general revenue sharing funds, and also in special revenue sharing for manpower, education, transportation, and law enforcement. And all of these, of course, cut across all of America, whether it's rural or urban or a mix of the two.

Funds for urban community development will also go in part to urban communities, like the city of Des Moines, in largely rural areas.

A second reason that these changes that I have offered have special meaning to rural America is that one of their chief purposes is to give each State in this country and each community greater freedom to decide for itself those questions that directly affect its own future. If the lessons of the past decades mean anything to us, they mean that as power as been concentrated more and more in Washington, D.C., as decisions have been increasingly made by remote control, the special needs of our rural communities and of the great heartland of America more and more have either been neglected or even gone unrecognized.

I want those decisions that affect rural America made by people who know rural America. And the people who know a place best are the people who live here. To put it bluntly, I believe that legislators in Iowa in this Capitol know better than bureaucrats in Washington, D.C., what is best for Iowa.

Now, it is fashionable in a lot of quarters these days to scoff at State and local government, to speak of its corruption, and its inefficiency, and all of the other problems that seem to confront it at this time. But to those who sneer at State legislatures, at city councils, at any level of government other than that in Washington, I say that they do not know the American people or the American system.

I reject completely the contention that you cannot trust State and local government. The patronizing notion that a bureaucratic elite in Washington knows best what is for people everywhere is completely alien to the American experience.

The honesty and efficiency of government depends on people. Government at all levels—at the Federal level, the State level, the local level—has good people and bad people. And the way to get more good people into government is to give them more opportunity to do good things, not just at the Federal level but at the State level and at the local level as well.

You know and I know how much dedication there is in State capitals, how much of a desire to do the right thing—and how much frustration there is with restrictions and the redtape that Washington so often imposes—also with the tightening squeeze upon needs and resources.

Like other State legislatures, you confront here in Iowa enormous problems.

As in the case of most of our States, I know that you are wrestling now with ways of avoiding the prospect of a deficit this year. And that's true of a majority of the States in this Nation this year. I know how heavy the burden of State and local taxes has become.

I was thinking of that in retrospect as I was preparing my remarks for this occasion. I entered public life as a freshman Congressman from California almost 25 years ago. And since then I have been in and out of government all of that time, a little more in than out.

But in that 25 years I have noted what has happened. Listen to these comparisons: Today, we find that State and local expenditures are 12 times as high as they were just 25 years ago; property taxes are six times as high as they were 25 years ago; and State and local debt is nine times as high as it was just 25 years ago.

Now, against that background, let's look at the double mismatch we have here: As the Nation grows, as the economy expands, needs grow fastest at the State and local level, while revenues grow fastest at the Federal level. And at the same time, experience shows that the Federal Government, as all of you know, if you have had anything to do with the income tax collectors, is very good at collecting revenues and often very bad at dispensing services.

And so it makes elementary good sense to turn over some of the money collected by the Federal tax system to meet State and local needs.

It makes good sense, because people on the scene are often the best judges of what those needs are.

It also makes sense because our people need relief from the mounting burden of State and local taxes.

Here in Iowa, with our revenue sharing program, let me tell you what it would do for you. It means you would make a choice. Your choice could be to increase services, if you desire to do so, or to avert a deficit, if you desire to do so, or perhaps to increase appropriations for the agricultural land tax credit, if you desire to do so.

The point is you make the choice as to what should happen to those revenues. And you would choose according to your best judgment of the needs and wishes of the people of Iowa. And that's the way it should be here in Iowa and in every State in this country.

Let me also say a word about my proposal to reorganize the Federal Government—and particularly as it affects the farmer.

One of the automobile companies has recently been using the advertising slogan—you've heard it on television and radio—"You've changed. We've changed". But when we look at the farmer and the way the Federal Government is organized, it's a very different story. The only way to state the case, sadly enough, is that he has changed and we have not. The farmer is a man of many talents now—he's a businessman, a technician, a scientist—often a man who makes his living in more lines of work than farming alone. The term "agribusiness" is often used here in Iowa, in my own State of California to describe this great, new, powerful instrument of America agriculture, which has made America first in the world in productivity in agriculture; first in the world in terms of this very important fact, that the housewife in America, the best-fed country in the world, pays less of her budget for food than in any country of the world.

This is an indication of what the farmer has done for America.

And when the farmer and American agriculture has done that, when it is the most productive of all of the various phases of our economy, certainly American agriculture and the American farmer deserve a fair share of America's increasing prosperity.

But now let's take it a little beyond that farmer. Let's look at the rural community in which he lives or here, the city where the farmer comes from time to time.

We find that that rural community is becoming increasingly diversified in its economic base, in its land use, in its population patterns. While all this has gone on, we have sat in Washington with the same Department of Agriculture that we've had there since 1862.

Oh, changes have been made in the organization. New functions have been added. But the Department of Agriculture, as far as its mission is concerned, is the same as it was then when the problems were very different. "You've changed and we haven't"—this could become the epitaph for rural America, for the countryside where the Nation's roots are. But to be able to say that you have changed and so have we—that could be the keynote for a new surge of vitality and progress on the farms, on the ranches, and in the towns and the open lands across this Nation.

It comes to a question of whether farmers and others in rural America want an agriculture department for its own sake or whether what they really want are things like better farm prices, better technical assistance for agriculture problems, wider development opportunities in rural communities, better schools, better roads, and so on. I think, of course, they want the latter—they want the results.

Under the present setup, only one Cabinet department represents the farmer in what he wants. And under my proposed reorganization, four cabinet secretaries—half the Cabinet—will be speaking up for the farmer when his diverse interests are at stake. I submit this is not less representation, but more—it's more effective representation, because the rural interest of America will be represented wherever decisions are being made that affect that interest.

I recognize that I speak today before a bipartisan group. These proposals, I submit to you, are not made as Republican proposals or as Democratic proposals. I have offered them in a bipartisan spirit. In Washington, I met with all of the Republican Members of the House and the Senate and all the Democratic Members of the House and Senate at breakfasts after the State of the Union in order to present them in that bipartisan spirit.

And that's why today as I speak to you I seek not partism support but bipartisan support, for these proposals cut to the heart of our hopes for progress in America, not just this year, not just next year, but for the balance of the decade and the balance of the century. This Nation at the beginning developed a Constitution and a form of government that has survived magnificently for 190 years, not because that Constitution was developed out of partisan debate—oh, there was debate all right, but it was not on party lines. It was on the great issue of what is best for this new country and out of this came a Constitution and a system of government which we've been very proud to have since that time.

That's what we need today as we look at the new problems of America and new ways to meet those problems.

I've met with many groups in the past few weeks, just as I'm meeting with this group today. I've talked with them about these proposals for reform and renewal of government in America. And I've told them that I know there're many objections that people will raise to this proposal and that proposal and the rest—and objections should be raised. That's the way to refine a proposal, to make it better, to make it more effective in reaching those goals that we all want to reach.

But I have told these people, those who object, that when they have an objection, I challenge them to answer this one question: I say let the first person who thinks that we ought to keep things as they are stand up and defend the status quo—I have yet to have a single taker.

Now, I realize that many, and particularly many in government—and I am proud to be, as you are proud to be, a man who is in government—I think many in government throughout the land were somewhat shocked or taken aback when I used the colloquial expression that a majority of the American people today are fed up with government. That doesn't mean just government in Washington. But it means government at all levels.

But we know it's true. And here are the reasons: They are fed up with government because they think it costs too much; they think it doesn't work; and they think they can't do anything about it.

And what I have proposed is designed to meet these needs—to cut the cost of government, to make it work, and to give the people a greater chance to determine what kind of government they want.

Now that's a goal above partisanship. It's the goal that I submit to the Iowa Legislature and ask for your support. People know that we need a change. They know that what may have been right 20 years or 30 years or even 40 year ago may not be right today.

They know that like any living thing, government in America has to change and develop; it has to adapt itself to new circumstances. It has to be made to meet the demands of our people, as those needs exist in today's America, so that the farmer, the worker, the taxpayer, the housewife—for everyone in America—government can do a better job.

America's great strength lies precisely in its great diversity—in the fact that our States and communities are different, that we don't all fit in the same mold, and that each of us has his own ambitions, his own desires, his own individuality. The essence of freedom is to give scope to that individuality, respect to that diversity.

And when I talk about returning power to the people, I am talking about just that—about letting people make their own decisions in their own lives and in the lives of their own communities.

Because, you see, I have faith, as I am sure you have, I have faith in the people of America, and faith in people is what the American system of government was all about in the beginning. And it's what it is all about today.

Here in the heartland of America, we can see the heart of America is good, that the people deserve our faith. We became a great nation because the Nation's founders had the courage to place their faith in people—because, having that faith, they established institutions that allowed the people to prove themselves worthy of it.

And now the time has come, one of those great watershed periods in the history of a nation when we return to that faith, we return to renew those institutions, and by so doing to lead America to a newbirth of greatness—a greatness not simply as the richest nation or the strongest nation, but a greatness that springs from the unshackling of people themselves.

We meet today at a time when America's involvement in the longest and most difficult war in our history is coming to an end. It is time to turn the great energies of our people to the works of peace in this last third of the 20th century.

And at this time, I invite you to join with me in beginning a national renewal, in fitting our Government to the time we live in, in strengthening our government at the State and local level, in forging a new partnership that can give us prosperity with peace, progress with unity, and freedom with diversity.

[From the President's Remarks to Farm Media Representatives Attending a Briefing on Domestic Programs, Des Moines, Iowa, Mar. 1, 1971]

Members of the Cabinet, and all of the distinguished members of the press and radio and TV who are here at this meeting:

I hope we haven't delayed you too long, but I told Herb before the meeting began that having traveled through this part of the country and visited virtually every city, I guess every city that is represented here, I did want to have the chance to at least say hello to each of you before the meeting began.

My own participation will have to be brief due to the fact that tonight we are giving a dinner for the astronauts, the last astronaut team and all the astronauts, as a matter of fact, will be guests of honor tonight, those that are available. And so to get back to Washington, to get dressed, to get the dinner ready and so forth, of course, requires a very short timetable.

But we have here a group of my colleagues in the administration who will be able to talk very candidly, and I think very helpfully and constructively to you on some of our initiatives in the whole field of rural development and the programs for rural America.

I think I can best introduce my own remarks here by putting what will follow in perspective, first, by beginning with American agriculture.

Usually when an individual comes to talk about rural America, he is expected to talk only about the farmer. Now, of course, the farmer is the most important part of rural America. The farmer, and Amercan agriculture, is the foundation upon which the balance of rural America is built.

When we speak of rural America, however, in the conversations and briefings that you have here today, we are speaking of that part of America in which the cities or towns are 50,000 or less, and where the county in which the city or town is located has a population density of 100 or less, including of course the city.

This is done not from the standpoint of any arbitrary number, but for the purpose of attempting to get—as I will indicate in my own remarks and as will be further followed up by the other speakers—attempt to focus on a problem that has not adequately been focused upon in previous years.

Second, when we look at rural America in terms now of the most important aspect of rural America, to wit, the farmer, and all that he contributes, we realize, as I tried to say to the Iowa Legislature today, that American agriculture is, when we consider this huge productive economy of the richest nation in the world, it is in truth our greatest asset. We hear so often about the problems of American agriculture. We hear so often about the fact that the farm programs cost too much and this and that and the other thing.

But let's look at a few figures, figures that are worth repeating even to you group of experts.

First, we have a Productivity Commission that has just been set up, set up for the purpose of getting better productivity throughout the whole of American life, in industry, in government, and in all of its aspects.

Sitting on that Productivity Commission, for example, are Secretary Romney and Secretary Stans and Secretary Hardin. All of us have had the chance to look at the problems of industry and its various aspects. Some of our industries, for example, like the steel industry, finds itself no longer as competitive as it used to be, because the most modern steel plants in the world today, for example, are in Germany and in Japan.

And other industries, like the field of radios, the thing that you are very interested in, we find there that foreign imports are a very great problem. It is significant to note that today there is not a table model radio that you can buy in any store in America that is made in the United States of America. Reason: The industry, insofar as that particular type of production is concerned, is no longer competitive.

Now, that doesn't mean that America is ready to become a second-class country economically, from the standpoint of business or in any other way. It simply means that in the word in which we live as the other great industrial nations, the great industrial nations [illegible] Europe and Japan in Asia as they have recovered from the ravages of World War II, as they've developed their own economies, that they have become highly competitive in a number of ways.

There is one area, however, where the United States is far ahead, where we have an advantage over every other nation of the world, and it's in the area of agriculture.

It was interesting to note, and I think, George (Secretary Romney), that you and Maury (Secretary Stans) and Cliff Hardin were all as impressed as I was with the fact that a group of businessmen who were on the Productivity Council, made the point that American agriculture in terms of growths and increases in productivity had the best record of any segment of the American economy.

Now, what does that mean? First, it means that American agriculture is highly competitive in the world. Proof: Last year, one-fifth of everything produced and grown in America was exported. This year, one-fourth of everything grown in America was exported.

Another indication of proof is that at a time when we are having problems with our balance of payments, with keeping our export balances up as compared with the imports that come in, we exported this year, last year, $7.2 billion worth of agricultural commodities.

We were able to export them because agriculture is highly competitive and highly efficient in the United States of America.

And, of course, the best proof in terms of the housewife in America is this: We hear a lot about the costs of food and, of course, the farmer is concerned as he might well be concerned about the decline in farm income.

Parenthetically, we're glad to note that at least while farm income isn't as high as farmers naturally would want it to be, and while it cannot be said that farmers share adequately in America's increasing growth in productivity, at least farm income, according to Cliff Hardin, at least the situation is better now than it was 2 or 3 months ago.

And we trust that that trend will continue.

But let's look at it in terms of the American housewife. We all know that we are the best-fed people in the world. We also know that as far as the American housewife is concerned, she spends a smaller percentage of her budget on food than any other housewife in any major country of the world, or for that matter, in any other country in the world, I think I could safely say.

Therefore, these facts which need to be brought home to the American people, not just a group of sophisticated farm experts, as you are all experts, but need to be brought home to people in the cities as well as on the farms, as to what we owe to the strong, vibrant, highly productive farm economy, indicate what our stake is to keep it productive. One, it's important to our balance of payments. Two, it's important to maintaining the high standard of living that we enjoy in this country, to make it possible not only for us to have the best-fed people in the world, but also to be able to export much abroad and to use, where we find it feasible, to use our farm products very effectively in terms of our foreign policy.

And so leaving that note, and now moving to the broader subject, here we see the farmer, highly productive, an enormous asset to this country; we see him with problems with his income not at high as it should be in terms of his contribution. And here we see also the problem of where the farmer lives—the cities, the towns of rural America.

Now let me be quite candid. And I say this knowing that I am being covered not only by farm editors and people writing columns or speaking on radio or television primarily to farm audiences, but with a pool in this room who will carry these remarks to cities as well, because I say the same thing to the cities that we say on the farms, and naturally that is as it should be.

But I think that the important thing that we have to bear in mind here is that there has been some criticism of the administration's new initiatives in terms of revenue sharing, and our other new programs on the ground that it shortchanges the cities in favor of rural America.

I want to meet the criticism head on. It does not short-change the cities. As George Romney, who is the head of the Department of Urban Development, will tell you, our new programs for revenue-sharing provide as much for any city or county as presently is being provided and more for most, and that over all this country it is approximately over a 20 percent increase.

However, what is novel and what is new in our approach this year is that for really the first time we are putting emphasis on an area which has really been too much at the short end of the stick; the forgotten area of the American economy, rural America.

Let's look at rural America for a moment. Again, we look at the facts and the figures and what do we find? Over half of the substandard housing in America is in rural America. Approximately half of the unemployment and underemployment is in rural America and approximately half of those below the poverty level live in rural America.

And when one tries to set the city against the county, or the city against the country, this is of course a self-defeating operation, because what really ends up is simply this: that the problems of rural America today, the problems of lack of opportunity, the problems of poverty, the problems of underemployment or unemployment, the problems of substandard housing, the problems of rural America today will become the problems of urban America tomorrow unless we change the climate in rural America.

And so that brings me to the reason why in the new revenue-sharing proposals at my insistence we put additional funds in the area of rural problems. Those funds will be described to you by Mr. Harper and by others who will be briefing you.

I pointed out in my address to the legislature that the total that will go specifically for rural development is $1,100,000,000. However, rural America will share in funds which are in other packages, funds for education in special revenue sharing, funds for housing and other areas.

But insofar as rural development specifically is concerned, there is an amount of $1,100,000,000. What is important to note about this is that this is a 25 percent increase over the funds that all of existing categorical programs specifically directed toward rural America would produce.

Now, why this emphasis? The why I've already, I think, indicated. It is essential that this part of America, which has not received the fair treatment and the equal treatment that it should receive, get that treatment. Because what happens is that two-thirds of the counties of this country, rural counties, are emptying out of people and emptying out of promise. And where do they go? They move into the great cities and they create there enormous problems.

Approximately 40 percent of the people of this country, as we look toward the end of the century, and perhaps over 50 percent, will be living in three great complexes in the Boston to Washington complex, in the Chicago to Pittsburgh complex, and in the Pacific Coast complex, running from San Diego to San Francisco.

What needs to be done is for us to recognize that if this is the kind of America we want, then let's face up to what the problems will be.

There are varying estimates on how much the population of the United States will increase between now and the end of the century. Some say 100 million; some say 60 million.

Well, let's take 70 million. Where are those 70 million people going to go? Well, I can assure you if they go to Los Angeles, if they go to Chicago, if they go to Cleveland, if they go to New York, it's going to create enormous problems on an already overburdened structure of urban life.

It is essential—and I use those cities only as examples, others could be named—it is essential that there be developed in urban America not only a sound farm economy, and we here must recognize that the basis of a sound farm economy, as Cliff Hardin so often emphasized, is a family farm adequately financed and adequate in size to be a viable enterprise.

But not only do we need a sound farm economy, but we need to develop in rural America the opportunities, the opportunities for employment, the opportunities for different kinds of activities, some related to farming, some not related to farming, which will reverse this trend or at least stop this trend of people moving from rural America into the already overcrowded industrial urban complexes of this Nation.

Now, that is a big order. How can it be done?

We don't have any simple answer to that. No one can sit here and tell you what an individual is going to do, what's going to motivate him, whether he's going to want to move to the city, a big city, or whether he's going to stay in a small town or move to a slightly larger town or whatever the case might be.

But at the present time, we want to remove those disincentives for living in rural America.

I remember an interesting conversation I had at the airport in Fargo, North Dakota, when we had a similar meeting of this type just a few months ago. I talked to, as I was going down the line at the airport, with a couple who said they were from California. They had lived there for approximately 10 years and they said, "We moved back to North Dakota." And I said, "Why did you leave in the first place?" They said there was nothing to do here. I said, "Why did you move back?" He says, "Because the company we were with, they had a branch plant here. We wanted to live here. We liked to live here. We would prefer to live here if there was something to do."

Now, some would prefer to live perhaps in California; some in some other city, or however the case might be. But what we must at least provide is the opportunity in rural America for a person to make a decent living, to have adequate education, to have adequate health facilities, to have the infrastructure which will allow the attraction of business opportunities and so forth; what we need to do is to have that kind of program or we are going to continue to have this growing problem of urban America becoming less and less governable, and rural America emptying, as I've already indicated, without having any of the hope that it should have and without all of what it could thereby contribute to the country.

I would just close on one personal note. I speak with some feeling on this subject, because I believe that out here in what is called the heartland of the country there is something more than simply the richest agricultural land in the world or at least the most productive. I think there are certain values, values that we also see in our great cities, but values that are particularly evident here, that are worth preserving.

I somewhat come from the heartland, my mother from Indiana, my father from Ohio. And I remember after their family was raised that both my mother and father decided to go back to a farm. And they went to Pennsylvania and lived there during many of their last years while I was serving in the House and Senate and later as Vice President.

I do not mean to suggest by that that everybody should return to the farm when he gets older. I do not mean to suggest by that that life in the city is necessarily corrupt and less admirable than life in the country.

But I do know this: That there is a quality of life, a quality out through this great heartland of the Nation, that is worth preserving, if we are to have a balanced, strong, healthy country.

I do not want to see America lose that quality of life. I think we can do something about it. I think we have got to start, first of all, with the farmer. Without a healthy, strong agricultural economy, we cannot have any rural program that will stand up.

But, then, we have to supplement that with some new initiatives, as I have indicated, initiatives that you will now hear, initiatives that are truly new, new in the sense that for the first time we focus on the problem of rural America, we put more money on those problems, and we focus in a way that this area of the country gets at least equal attention, and, because in the past it has been somewhat behind, somewhat more attention than even urban America.

This is good for urban America. We trust it will be good for rural America. But you will have to be the judges.

And I will now have my panel of experts try to convince you that what I have said has some element of truth in it.

Thank you.

[From the President's Remarks Upon Signing His Message to the Congress on Special Revenue Sharing for Rural Community Development, Mar. 10, 1971]

Ladies and Gentlemen:

We want to welcome you all to the Roosevelt Room for this signing ceremony. I've had the opportunity of meeting each of you individually and I think the members of the press will be interested to know that perhaps there has never been gathered in one room in the White House a group of people more representative of one of the great sources of power in this country, economic power, than is gathered here now. Because we have here representatives of the agricultural community, those who are the most productive of all of America's economy, those who represent the rural heartland of this country.

And it's, therefore very appropriate that this signing ceremony of the Rural Development Special Revenue Sharing Program occur in their presence. Because for the first time a national administration now takes an initiative in an area which has been forgotten, too often forgotten, forgotten in the sense that as we look at rural America, as we recognize the productivity of American agriculture, we realize that this is one area where we are first in the world and will remain first in the world because every year our farmers become more and more productive.

As they become more and more productive, however, rural America, where our farmers live, has become less and less a place that attracts people, people who will create the kind of life which will be meaningful for the years ahead in that part of the Nation.

And these new initiatives in which we will add approximately 35 percent to the funds previously granted to this part of the country will mean that the people who live in rural America out through the great heartland of this country now will have those programs, those programs that will attract the industry, the infrastructure and everything else that is essential to provide the quality of life that the rural America, the farmers of America, agriculture of America really deserves.

This new initiative I consider to be one of the most important. It is not the largest program. It is not the largest, but in terms of the amount of increase, it is the largest increase of any of the special revenue sharing programs.

That does not mean that we are putting less stress on the problems of cities, less stress on the problems of transportation, or the other areas. But it does mean that this is an area that is behind. This is an area in which we need to catch up and that is why we are putting more money, a greater portion of money, into rural America than we have previously.

And in signing this particular message, we certainly hope that we will have the backing of the agricultural community in getting its passage by the Congress of the United States.

NOTE: The President spoke at 10 a.m. in the Roosevelt Room at the White House. For the text of the message, see the following item.

SPECIAL REVENUE SHARING FOR RURAL DEVELOPMENT

To the Congress of the United States:

I am today proposing a new program of Rural Community Development through revenue sharing—the fourth of my six Special Revenue Sharing proposals. I have spoken of revenue sharing as a new partnership between the Federal Government and the State and local governments within our Federal system. The proposal I am advancing today would use that essential government partnership to strengthen an equally essential social and economic partnership between rural America, where the farms that feed us and the great open spaces that renew our spirit are found, and urban America, where the majority of our people and the greater share of our wealth are concentrated. Rural Americans deserve a full share in the Nation's prosperity and growth, just as urban Americans deserve cities that are livable and alive. Both objectives are attainable—and rural development revenue sharing, linked to urban development revenue sharing by the comprehensive planning proposal also put forward in this message, could be a giant step toward them.

RURAL AMERICA IN TRANSITION

Rural America begins with farm America. Agriculture was America's first industry, and it remains one of the keystones of our national economy today. It has made Americans the best-fed people in history, and now exports the produce of one-fourth of its acreage to help feed the world. American farmers have led all sectors of the economy in annual increases in productivity for most of the years in this century. This Nation's farms are among our most efficient producers, and they are of central importance to a strong future for rural America.

Yet, there is sharp irony in this success. Ever more fruitful, American agriculture has required fewer people every year to produce food and fibers for our people, and to supply the expanding export market for our commodities abroad.

Hence the departure of people from the farms began to swell as farming grew more mechanized, efficient, and large-scale. Americans living on farms numbered more than 30,000,000 in 1940; today that figure is only about 10,000,000. Once the farm people had left their homes—often the homes of generations in their families—the opportunities often did not exist in rural America to keep them close to those roots. While some jobs began to open up in agricultural service, supply, and processing enterprises, usually known as "agri-business," the number of openings was not nearly enough to match the number of people cast adrift by technological progress.

Migration began toward where people thought opportunities existed—the cities. Not only were there more jobs in the cities, but they paid more. For most decades in this century, the gap between median income in the cities and that in non-metropolitan areas has been wide. Even though income gains outside the metropolis have been almost half again as great as those in the cities during the last decade, medium family income in nonmetropolitan areas is still 22 percent below that in metropolitan areas.

While the people who have been leaving rural America by the millions have often improved their own and their families' situations by leaving, the trend they represent has had several disturbing effects.

First, in rural America itself, the loss in human resources has compounded the problems of diversifying the economy and fostering a vigorous and progressive community life. Those who have chosen to stay have found it harder and harder to pay for and provide services such as good schools, health facilities, transportation systems, and other infrastructure attractive enough to keep people *in* rural America, or to lure jobs and opportunity *to* rural America. Many of the small towns which dot the countryside have to struggle for existence; they often have difficulty attracting good school teachers or physicians; many fight stagnation while most of the economy is expanding; they cannot give the older, the disadvantaged, the less educated people needed assistance and care.

THE URBAN STAKE IN RURAL DEVELOPMENT

At the same time the urban effects of migration have been profound. While the explosive growth in the proportion of americans living in cities that has not been fed solely by the influx of people from rural America—immigration from other countries has also been massive—the millions who have moved from the South and the Midwest to the North and the West have been a major factor in making a nation that was 75 percent rural a century ago, 73 percent urban today.

Many of these people pouring into the cities in search of opportunity have experienced difficulties in adapting to urban life and have required supportive services. Some made the transition successfully—but others have remained tax users rather than taxpayers.

Furthermore, the very size and density of many of our largest cities has produced new problems: whereas in the most rural areas it is hard to achieve economies of scale in public activities, the most heavily urban areas have grown far past the size range in which a community can function most economically. It often costs far more per capita to provide essential services, such as police protection, sanitation collection, and public transportation in our dense urban areas than in less congested smaller and medium-sized cities. Many of our cities have, in short, become inefficient and less and less governable. At times, this has led to near-paralysis of public services in our largest cities. Current trends indicate that unless there is a marked shift in public and private attitudes, the increase of population in and around our great metropolitan centers will continue, and the problems of urban management will be further aggravated.

In addition, by even conservative estimates, there will be some 75 million additional Americans by the end of the twentieth century. Whether this growth is beneficial or burdensome depends on our foresight in planning and preparing for it—a process that must begin now and must take a broader view than merely feeding the expansion of the megalopolis.

As never before, the Nation is beginning to see that urban America has a vital stake in the well-being and progress of rural America. This is one Nation, and for the good of all Americans we need one national policy of balanced growth.

FEDERAL RESOURCES FOR RURAL DEVELOPMENT

For the sake of balanced growth, therefore, but even more for the sake of the farmer and all his neighbors in rural America—first-class citizens who deserve to live in first class communities—I am proposing that the Federal Government *re-think* America's rural development needs and *rededicate* itself to providing the resources and the creative leadership those needs demand.

It takes many different kinds of activities to create rural development—to create opportunity. One must start with the individual—his education, his skill training, and his health. Next the individual needs to be linked to resources and markets through transportation. Public sector infrastructure such as water and sewers is needed to encourage industry to locate in new areas. The environment is also becoming an increasingly important factor in industrial locations.

Essentially what I am proposing is to unite the funding for a number of programs operating directly in rural areas and smaller cities into a Rural Community Development Revenue Sharing Program, to add $179 million to that fund, and then to bolster this effort with new initiatives in critically related areas, such as health and welfare reform.

The following chart shows the programs which I propose to combine into the Rural Development Revenue Sharing Program:

PROGRAMS COMBINED UNDER RURAL DEVELOPMENT REVENUE SHARING

General:
  New Money $179 Million.
  Title V Regional Commissions.
  Appalachian Regional Commission.
  Economic Development Administration.
  Resource Conservation and Development Program.
Education: Cooperative Agricultural Extension Service.
Water and Sewer: Rural Water and Waste Grants.
Environment:
  Rural Environmental Assistance Program.
  Forestry Assistance Grants.
  Great Plains Agricultural Conservation Program.
  Water Bank Program.
  Tree Planting Grants.

Although, the eleven programs listed above are spending $921 million in Fiscal 1971.

But much more is needed to extend to rural Americans the full share of national prosperity and the full participation in the rich benefits of our society, which they rightly deserve. Much more would be done if the Congress acts to set in motion the broad strategy for accelerated rural development which I have placed before it in recent weeks.

Rural communities throughout the nation would share in the $5 billion of General Revenue Sharing which I have proposed. Rural communities would receive direct assistance in building their human resources, their social services, and their economic base through my Special Revenue sharing proposals for manpower, education, transportation and law enforcement. My proposals for improving our system of health care include Area Health Education Centers to be located in rural areas and financial incentives for doctors and providing medical care in scarcity areas. My welfare reform proposals would have immediate and dramatic effects on rural poverty: in the first year nearly $1 billion in new cash benefits would go into rural areas to add to the incomes of the millions of rural Americans who are poor or underemployed.

To unify and consolidate the rural development effort in each State—I am today proposing that the Federal Government establish a $1.1 billion fund to be shared among all the States for fully discretionary spending to meet their rural needs and accelerate their rural development. This would be accomplished by combining programs which I listed above into a new program of Special Revenue Sharing for Rural Community Development, and by increasing their present annual funding of $921 million by $179 million during the first year.

HOW REVENUE SHARING WORKS

Beginning January 1, 1972, these funds would be paid out to the States and to Puerto Rico, the Virgin Islands, and Guam, in regular installments on a formula basis, according to an index of need based on three factors: the State's rural population, the State's rural per capita income compared to the national average of per capita incomes, and the State's change in rural population compared to the change in population of all States. All 53 recipients would share equally in 1 percent of the funds. Every State would receive at least as much from Special Revenue Sharing for Rural Community Development, as it now receives from the eleven existing rural assistance programs combined.

This proposal recognizes that patterns of development potential vary widely within the different States and seldom conform neatly in intra-State governmental jurisdictions. It therefore imposes no Federally dictated distribution of shared revenues within the States. Neither would it require matching or maintenance of effort spending by a State in return for the shared rural development funds. Indeed the shared funds could if necessary be used to match other Federal grants-in-aid for rural assistance. but there would be a firm requirement that all rural community development funds be spent for the direct benefit of rural people. The funds could be spent for any of the purposes now authorized under the existing aid programs, including the option of direct grant assistance to private firms which locate in rural communities.

Rural areas would be defined in this Act as counties with a population density less than 100 people per square mile, and all other countries, regardless of population density, which are not included in one of the 247 Standard Metropolitan Statistical Areas (SMSAs) which the U.S. Census Bureau defines around cities of 50,000 or more.

I will also propose $100 million in additional nonformula funds for the Urban Community Development Special Revenue Sharing program, to assist those smaller cities of population between 20,000 and 50,000 which have been receiving grant assistance from the Department of Housing and Urban Development but which would not now be eligible for a formula share of Urban Community Development Revenue Sharing. The Secretary of Housing and Urban Development would administer this fund on a discretionary basis. Such communities would thus be eligible for funds from both the urban and rural revenue sharing programs—as they should be, since many communities of the size have not only urban problems and needs but strong rural development potential as economic and social opportunity centers for nearby rural counties. The same overlap would be true as well of some of the smaller and less densely populated Standard Metropolitan Statistical Areas which have less than 100 people per square mile, and thus qualify for both formula grants under Urban Community Development Special Revenue Sharing, and use of funds from the Rural Community Development Special Revenue Sharing.

The Act would apply the requirements of Title VI of the Civil Rights Act of 1964 to prohibit discriminatory use of the Federal money.

BUILDING ON SUCCESS

Conversion of the existing categorical aid programs for agriculture and development into Special Revenue Sharing for Rural Community Development is a logical evolution in line with the history of these efforts consistent with their basic purposes.

Over a number of years the Department of Agriculture has been moving to make its assistance to farmers and rural residents more effective and flexible by a steady process of decentralization. Placing these programs fully in the hands of the States is just one more step in sharpening their ability to deliver the services they were designed to provide. Whether the transfer will be beneficial and the transition smooth is a question to which the example of the Cooperative Extension Service may provide a partial answer. The States are ready to take charge of the Extension Service, which they already largely administer and which all States now fund above the present Federal contribution.

In the case of EDA, the Appalachian Regional Commission and the Title V Commissions, revenue sharing in superseding them would actually incorporate the coordinated development approach that has made them successful, at the time it removed some of the Federal "fences" that may have restricted their activities unduly in the past. The grass roots planning process which has proved itself under the Appalachian Regional Commission is carried over into the statewide development plan I am now proposing for all States under rural and urban development revenue sharing. Close account would be taken of the human factor and of the continuity of ongoing development efforts as the program transition is effected. Counties that have launched projects under the Appalachian Regional Commission, for example, would continue to receive adequate funding to make good on the money already obligated for such projects.

With revenue sharing, therefore, as with all change, there would be adjustments to make but great benefits to be gained. Every single activity now carried on under the Commissions and categorical programs could be continued in any State whose own people decide it is worth continuing. The farm, forest, and conservation programs that have succeeded in the past could go right on doing so—and freed of Federal restrictions, they could probably reach out farther and keep better pace with changing needs and technologies. In each instance the people of the State would make the decision.

STREAMLINING THE RURAL ASSISTANCE EFFORT

What Special Revenue Sharing for Rural Community Development would do is to remove many of the negative and inhibiting side effects which now plague rural assistance as a result of categorical narrowness, lack of coordination, and excessive Federal involvement. By combining these programs we could produce a new whole significantly greater than the sum of the present parts. It is worthwhile here to discuss some of the problems that would be eliminated—principally inflexibility, priority distortion and flawed accountability.

Inflexibility—As well-intentioned as past rural development efforts have been, strict Federal eligibility rules have often stood in the way of fair sharing of all the Federal resources for rural development, or have made it difficult for States and localities to do what they must to attract industry and services. For instance, many parts of the Midwest, which experienced some of the heaviest rural outmigration in the Nation during the 1960, still do not qualify for Economic Development Administration grants.

In other cases Federal standards have acted to bar aid from those communities in a region where it could do the most good. Experts in rural development feel that the most leverage is achieved by reinforcing healthy development trends, rather than fighting them—that is, by concentrating aid in these smaller and medium sized cities of a rural area which have shown strength and effort in attracting industry. Every area of rural America has such centers of potential growth. Using government assistance to strengthen their development trends could make the difference in attracting new job-producing industry and expanding employment opportunities for rural people living in the surrounding counties. It could also help these communities attract doctors, teachers and others whose services are so needed in or near rural areas. Yet current Federal program restrictions, by and large, do not permit aid to be used this way, because of "worst-first" criterion which often puts funds into areas that lack the development potential to help either themselves or others near them—rather than using funds to open up new opportunities regionally so that benefits flow out to low-potential areas nearby.

Distortion of State Budgets—Narrow Federal project definitions can force States and localities to spend scarce revenues on "matching shares," urgent community priorities aside, or risk the loss of Federal funds. Once begun, a Federal project may demand additional local spending, beyond the matching money, for support facilities to tie the project into community usefulness.

Flawed Accountability—The quasi-governmental agencies which often exercise a determining influence on the conduct of these programs tend to obscure and fragment responsibility for decisions made and therefore to subvert the democratic accountability of elected officials. Regional commissions, comprised of a Federal Co-chairman and Governors from member States, take part in many program and planning decisions which really affect only one Governor's State. Too often the Federal officials responsible for rural assistance are geographically distant, and the local, State or multi-State institutions that have a say are politically insulated or remote.

THE STATEWIDE DEVELOPMENT PLAN

Special Revenue Sharing for Rural Community Development would be administered initially by the Secretary of Agriculture; eventually both this program and the urban community development program would come under the direction of the Department of Community Development whose formation I have proposed. In addition to paying out each year's rural development funds to the States and territories, the Secretary of Agriculture would stay abreast of rural development aspects of the statewide development plans which each Governor would file with him annually.

The statewide planning process which would help States and localities coordinate activities carried on under both urban and rural community development revenue sharing will be established in legislation that I will submit shortly. It would require annual preparation of a comprehensive statewide development plan outlining spending intentions for programs in metropolitan, suburban, smaller city, and rural areas alike. The $100 million Planning and Management Assistance program which I proposed in my message to the Congress on Urban Community Development Revenue Sharing would provide funds which States and local jurisdictions could use in this planning process.

The Governor of each State would be given the responsibility for drawing up the statewide development plan. Formation of the plan would be based on a consultative process which considers plans submitted by State-established, multi-jurisdictional planning districts covering all areas of the State. Planning bodies of these districts would be composed of local elected officials. One member from each of the district planning bodies would sit on a panel which would assist the Governor in the planning process. The Secretaries of Housing and Urban Development and Agriculture could accept an alternative consultative process proposed by the State.

The completed plan would be filed with the Secretaries of Agriculture and of Housing and Urban Development—not for their approval, but as a declaration of intent; a Governor could amend his plan by letter during the course of a year.

The process of developing the statewide plan would focus official concern and public attention upon the interrelationship of urban and rural community development within the State. The plan could identify potential growth areas, potential new community development sites, and environmentally important areas. It should seek to integrate all important community development factors, including land use.

All the money a State receives under Special Revenue Sharing for Rural Community Development would have to be spent for the benefit of persons in rural areas as outlined in the statewide plans. A State could of course also supplement its own rural development activities with money received under General Revenue Sharing and under other Special Revenue Sharing programs within program dfinitions. The Secretary of Agriculture would conduct an annual post-audit of State rural development activities, with payment of the next year's rural revenue sharing funds conditional upon State compliance with rural development spending plans for the year past.

THE LOGIC OF RURAL DEVELOPMENT REVENUE SHARING

To review briefly:

The major challenge facing rural America is to diversify its economy and to provide full opportunity for its people to enjoy the benefits of American life. Meeting this challenge will enhance the quality of life for those who remain to operate the nation's family farms and for all their neighbors in the small towns and countryside of America. As a secondary effect—like upstream watershed management for downstream flood control—meeting the rural challenge will also help to relieve the overburdened urban structure by stemming rural outmigration and attracting a share of future growth to rural communities.

The key to a rural development strategy is my proposal for $1.1 billion in Special Revenue Sharing for Rural Community Development—money which all States and territories would share and which they could spend in their rural areas as they deem wisest. Other proposed Federal assistance for rural America includes part of the $6 billion General Revenue Sharing program and part of five Special Revenue Sharing programs, as well as the benefits of a reformed welfare system and an improved health care system.

At the core of rural development revenue sharing would be eight agricultural grant programs and three broad development assistance programs now in being. Consolidating them, the revenue sharing approach would build on decentralizing trends in the agricultural programs and on the multi-State, and multicounty development planning experience accumulated under EDA and the regional commissions. It would do away with narrow aid categories, spending restrictions, duplication, and red tape now surrounding these programs. It would make the money now devoted to them go further and would provide more money.

Existing programs and development projects could continue or not at the discretion of each State, and the right of choice would rest close to the rural people at whom the aid is directed. A statewide planning requirement with a broadly representative input would promote coordinated development of a sort not now approached and would insure that all areas of the State have a voice in the planning process; but in no case could rural development revenue sharing money be diverted from rural needs.

URBAN-RURAL PARTNERSHIP

More money, plus more freedom to spend it, plus better planning in doing so, add up to better living for rural Americans and brighter futures for rural communities. Mutual benefits of the urban-rural partnership would be manifest as cities enjoyed the fruits of a healthy agricultural economy and the relief of more evenly distributed population growth, while rural areas felt the effect of new social and economic advantages. Rural and urban communities would no longer siphon off one another's strengths and resources nor shunt problems and burdens from one to the other. They would progress together in a dynamic balance, as partners in the best sense.

Rural community development special revenue sharing fact sheet

State	*Full year special revenue sharing payment*	*State*	*Full year special revenue sharing payment*
Alabama	$31, 621, 797	Nevada	3, 305, 805
Alaska	6, 005, 315	New Hampshire	4, 573, 866
Arizona	8, 050, 592	New Jersey	13, 423, 863
Arkansas	23, 654, 439	New Mexico	11, 274, 635
California	28, 581, 922	New York	43, 363, 644
Colorado	10, 157, 250	North Carolina	47, 308, 559
Connecticut	3, 632, 731	North Dakota	10, 288, 509
Delaware	1, 425, 141	Ohio	35, 659, 397
Florida	21, 624, 846	Oklahoma	22, 675, 298
Georgia	37, 549, 118	Oregon	9, 981, 209
Hawaii	1, 875, 519	Pennsylvania	46, 643, 400
Idaho	8, 091, 275	Rhode Island	1, 726, 187
Illinois	29, 852, 696	South Carolina	26, 286, 225
Indiana	21, 834, 101	South Dakota	9, 946, 805
Iowa	28, 625, 697	Tennessee	42, 555, 061
Kansas	20, 203, 850	Texas	51, 113, 344
Kentucky	65, 576, 950	Utah	5, 351, 181
Louisiana	22, 719, 832	Vermont	3, 699, 820
Maine	10, 682, 454	Virginia	26, 975, 519
Maryland	12, 701, 105	Washington	11, 756, 245
Massachusetts	6, 277, 871	West Virginia	65, 177, 201
Michigan	21, 081, 928	Wisconsin	22, 636, 792
Minnesota	29, 529, 434	Wyoming	5, 698, 912
Mississippi	34, 608, 084	Puerto Rico	25, 872, 005
Missouri	28, 559, 575	Virgin Islands	1, 051, 347
Montana	8, 984, 715	Guam	1, 314, 112
Nebraska	13, 299, 928		

Rural community development special revenue sharing payments, $1,086,467,106.

Discretionary funds, $13,532,894.

Full year rural community development special revenue sharing fund, $1,100 million.

Senator **Dole**. Thank you, Senator.

Senator **Humphrey**. Senator Bellmon, we welcome your commentary.

STATEMENT OM HON. HENRY BELLMON, A U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator **Bellmon**. Thank you, Senator.

I would like to add my word of welcome to our distinguished witnesses this morning. All of these gentlemen have long been known and admired by me and I am very pleased that they are in their present positions. One, Secretary Hardin, was for years the president of one of our great land grant universities, and Secretary Connally and Secretary Romney were both former distinguished governors of two of our most progressive States. So I think we are fortunate in having these three men here this morning. I know they are all acquainted with our rural-urban problems and I am anxious to hear some of the ideas as they have to offer the committee.

I am going to follow the pattern that has been set here this morning and try to summarize my remarks in order to conserve the time of the witnesses. I ask my remarks be printed in full in the record.

Senator **Humphrey**. Without objection they will be printed in full.

Senator **Bellmon**. Mr. Chairman, there is no subject confronting the Nation and the Senate that will have greater impact on the future of our country than rural development. An idea of the importance of rural development can be gained from a look out the windows of this building across the slums of this city where thousands of once rural people live in squalor. Had this Nation followed an intelligent, conscious, and effective program of rural development during the past 30 years, Washington and sections of most other cities of this Nation would not today virtually be ungovernable, unlivable, and unproductive.

The problem arose when the agricultural revolution began to replace men with machines. Lacking jobs in agriculture and failing to find off-the-farm employment close to their homes, rural people had no choice but to leave their homes and head for the cities. They came not willingly or by choice, but because in most cases they had no choice but to move—or starve.

An alert and visionary government would have realized that a massive social and economic dislocation was under way. Great human suffering and great present and future costs could have been averted had timely action been taken to generate off-farm job opportunities before massive population shifts occurred. These changes continued and even though our efforts are 30 to 40 years tardy, they must be undertaken and they must succeed.

Mr. Chairman, there are many examples across this Nation of cases where rural development is working, where rural populations have stabilized and where I believe lessons can be learned that can be applied to help produce the desirable results that all want. I feel this committee, in undertaking its study, will be able to visit many of these places to learn what it takes to achieve effective rural development, and hopefully, and where indicated develop governmental programs to express these same advantages nationwide.

We do not want to turn our rural areas into cities, nor to turn our cities into ghost towns. The ideal we are looking for is somewhere in between. A gallup poll of Americans in 1966 showed that 60 percent preferred city or suburban living, while 49 percent preferred living in small towns or on farms. The poll indicates that our population would naturally distribute itself evenly across the land if economic considerations did not influence them to jam together in cities. It is an ideal that is attainable with well-placed Federal investments. If we can invest more Federal effort in constructive, comprehensive programs rather than narrow stopgap measures we can achieve far greater quality of life in both towns and cities.

Mr. Chairman, I want to congratulate you and our witnesses and other members of the committee for the great interest you have in this subject, and I look forward to working with you. I believe we can accomplish the goal we all have in mind.

Senator HUMPHREY. Thank you, Senator.

(The prepared statement of Senator Bellmon follows:)

Mr. Chairman, there is no subject confronting the Nation and the Senate that will have a greater impact on the future of our country than rural development. An idea of the importance of rural development can be gained from a look out the windows of this building across the slums of this city where thousands of once rural people live in squalor. Had this Nation followed an intelligent, conscious and effective program of rural development during the past thirty years, Washington and sections of most other cities of this Nation would not today virtually be ungovernable, unlivable, and unproductive.

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An alert and visionary government would have realized that a massive social and economic dislocation was under way. Great human suffering and great present and future costs could have been averted had timely action been taken to generate off-farm job opportunities before massive population shifts occurred. These changes continued and even though our efforts are 30 to 40 years tardy, they must be undertaken and they must succeed.

The most pressing long-range domestic question facing the country is how to prepare for the roughly 50% increase in our population which is expected by or soon after the year 2000. If current job development trends continue, these 100 million new Americans will be jammed together in urban complexes which are neither pleasant places to live nor productive places to work.

A trip across this country will quicky show that there are still vast undeveloped open spaces with abundant life support elements available which can beneficially accommodate a greater population. The missing element is economic opportunity. Better incomes from the land and more off-farm jobs will quickly bring the people to where the good life is—devising a plan for such development is the job of this Committee, and I am confident we can meet the challenge.

Today, Mr. Chairman, we have 70% of our population living on 1% of our land area. Our major cities are splitting their seams. Still, the rural to urban shift continues because our cities are where the jobs are, where the health services are, where housing in the broadest price ranges is, where the cultural centers are. Our cities are where the action is—such as it is. But much of the action these days is coming in negative terms—pollution, tension, crime, traffic jams, drug abuse, crowded and unhealthy living conditions. Our government must play a major role in developing the untapped potential of rural America because sewing up the seams of our bulging cities is costing us an exorbitant tailor's fee.

As an example, more than a billion dollars in federal tax dollars is being spent to ease the problem of traffic congestion and automobile pollution in Washington, D.C., through construction of a metropolitan subway system. That single stitching job is costing more than the annual budgets of 29 state governments for all services to their residents.

The Federal Government last year spent $7.3 billion on apprehension and prosecution of criminals. New York State, alone, received more than a billion dollars of the amount, largely due to the 300,000 reported crimes in New York City last year. The Justice Department reports the fast-growing metropolitan suburbs are now suffering fast-rising increases in crime rates. Last year, crime in suburbia increased 15%.

The rebuilding effort of our cities is running up a big bill for Uncle Sam, too. In fiscal 1970, the Federal Government spent more than $1 billion to help finance urban renewal projects.

The fact is, Americans are paying dearly trying to hold the line on problems of the cities, but they are losing ground. Those problems are not going to be solved, they are going to get worse, unless we develop programs to more evenly distribute our population, which means redistributing economic opportunities.

President Nixon has proposed that through revenue sharing a number of improvements be made in the quality of rural life. He has provided a dramatic increase in funds for major improvements in rural water and sewer facilities and better rural housing. He has provided for better rural transportation systems, and improved funding for rural electric and telephone systems. He has proposed expanding and improving rural health services. The President has indicated that improving the quality of life will lead to economic development of rural America.

I support the President's proposals. But I am convinced that rural economic development will have to take place first for the other improvements to follow. Economic development will not necessarily follow the other improvements. Without jobs in rural America, rural houses, water systems, telephones, and sewers will be little used.

In my home state of Oklahoma, the number of farms is rapidly declining, from 106,000 in 1960 to an expected 90,000 this year. Small farms are dying out because the income derived from them is not enough to adequately support an average family, unless there is off-the-farm income. Nationwide, there are 50% fewer people living on farms today then there were 20 years ago, even though the Nation's population has increased by nearly 33% in the same period. A young man needs only to consider his earning potential in rural America today, and he looks longingly to the city. Even though the average income for farmers is swelled by the earnings of our Nation's few agri-millionaires, the average farm household income today is $2,405 less than income for non-farm households. After production expenses are paid, Oklahoma farmers average $2,800 net income. This is not even a fair return on their average investment with nothing for labor income.

We are not going to keep anybody down on the farm, we are not going to entice urban dwellers to come out to the farm, unless good income are available. As the situation now stands, most farmers who can't make an adequate living on the land have no opportunity to take on additional work, because no other type of work is available. And in too many instances, farm families live in poverty because the head of the household is not trained for any other type of work.

The quality of rural life will not be improved unless we develop a program to encourage better agricultural incomes and make availabe more sources of off-the-farm income outside the urban areas.

The quality of rural life, as well as the quality of urban life will not be improved unless we remedy two causes of rural exodus. First, we must develop conditions which will lead to increased farm income and, second, we must create conditions favorable to the development of more sources of non-farm income outside urban areas. When these goals are met, rural development can and will follow.

Farm incomes can be improved in two ways: Reduce production costs or improve selling prices of farm commodities. The average net income of an Oklahoma farmer is now about $2,800. His average gross income is more than $12,000, meaning about ¾ of his income goes for production expenses.

We can help farmers cut down on production costs and increase net income by developing programs to encourage processing of farm produced raw materials closer to the farms where they are produced. This will provide better prices and increase off-farm jobs and income. For instance there is no reason why meat processing and breaking plants cannot operate close to livestock producing areas thereby providing better livestock prices and rural jobs. There are many similar examples.

Secondly, we must support substantial investments by the Federal Government in pest control research. Millions of agricultural dollars are lost every year when crops are destroyed by such costly pests as the boll weevil, fire ants, corn borer, gypsy moth, green bugs, and pecan weevil. Millions more are expended in costly controls. These dollars can be saved and added to the profit side of the agricultural income ledger.

Third, a meanful rural development program should include the creation of an effective disaster relief program complimented by a workable plan of crop insurance. There can be no protection against the whims of nature, but an effective disaster relief program that will get aid to distressed farmers quickly in times of serious drought, flood, or storm, will help stabilize the farm economy and prevent an out-migration from rural areas during times of trouble.

Improving farm incomes will help stop some of the out-migration to the cities, but not all of it, and it won't attract urban dwellers to the rural areas.

A national rural development program must encourage industries to locate their plants in rural areas. This can be done through tax incentives and by giving these plants first priority in the awarding of government contracts. Further development of rural manpower training and retraining programs to insure a qualified labor force is needed.

Young men who can receive training and a good job in their home area will be less likely to move to the city, solely for economic reasons. Urban residents who find there are good job opportunities outside the city will no longer hesitate to relocate in more desirable living areas.

More rural jobs can also be created through development of great recreational potential of rural America. Natural lakes and forests developed into recreational centers can provide substantial incomes to rural people employed to manage them. And great influxes of vacationers can create a market for small business services which would bring additional revenue.

Rural development would be facilitated by establishment in each county of a rural development office and rural development council to guide development according to an orderly plan, rather than in piecemeal fashion. Present service offices of the United States Department of Agriculture are too limited in resources and in areas of responsibility to fully meet current needs.

We do not want to turn our rural areas into cities, nor do we want to turn our cities into ghost towns. The ideal we are looking for is somewhere in between. A Gallup Poll of Americans in 1966 showed 50% preferred city or suburban living, while 49% preferred living in small towns or on farms. The poll indicates that our population would naturally distribute itself evenly across the land if economic considerations did not influence them to join together in cities. It is an ideal, that is attainable with well-placed Federal investments. If we can invest more Federal effort in constructive comprehensive programs rather than in narrow stop-gap measures we can achieve a far greater quality of life in both town and country.

There are many examples throughout this Nation where rural development is working. Generally, such development involves an industry, frequently home-grown, an enlightened city government that has provided the support services upon which growth depends, a motivated work force which is eager to produce competitively, a modern, efficient transportation and communication system, financial institutions able and willing to take the risk involved in supplying needed funds for job development, and a stable rural community which supplies recreational opportunity, desirable living space, and a reservoir of motivated trainable workers.

The Committee needs to examine these examples and discover lessons that can be applied nationwide. I look forward with keen anticipation to the success of our efforts.

Senator CURTIS. I have here a short statement of Senator Miller I would like placed in the record.

Senator HUMPHREY. It will be placed in the record at the appropriate place.

(The statement is as follows:)

STATEMENT OF HON. JACK MILLER, A U.S. SENATOR FROM THE STATE OF IOWA

Mr. Chairman, I deeply regret that prior commitments in my home state of Iowa prevent my being in attendance as the subcommittee's hearings on the problems of rural development in general and S. 1612, of which I am the principal sponsor, in particular begin.

S. 1612 is the so-called "Administration bill" on rural development revenue sharing. It was introduced on Wednesday, April 21, and my own statement along with that of the President and the Secretary of Agriculture, and also additional supporting data, will be found commencing at page S5250 of the Congressional Record for that date. I hope that the members of the subcommittee will carefully review these materials.

I know of no single activity of any subcommittee which can have a greater bearing on balanced growth and development of our population than the activity of this subcommittee in these hearings and the legislation it proposes. For years, many of us from states having substantial rural populations have witnessed) with dismay the exodus of hundreds of thousands of people from rural America into cities, seeking jobs and opportunities for their families. A major part of the problem of the cities is the congestion which such a shift in population has produced. Our calls for action to stem and, hopefully, reverse the tide went unheeded.

Now, for the first time in history, the President of the United States has not only recognized what we must do but has sent to the Congress a program of action which, in my judgment, merits our most urgent and favorable attention. Rural development revenue sharing is a new concept which can go a long way towards making rural America a better place to live and a place where people can find job opportunities for themselves and their children as they come out of the high schools and colleges.

Perhaps of equal importance, the decisions to be made toward this goal will be transferred to the state and local level where the people themselves will have a greater voice in their destiny.

Senator HUMPHREY. For the information of our witnesses, we will proceed at once. We are also asking a very broad review of all legislative activity and administrative action over many years to be prepared by the Library of Congress Legislative Reference Service for our purposes here to give us background information which will help us later on for purposes of interrogation and hopefully some legislation.

Second, we are asking the Senators and Representatives to give us information from their States as to what has happened within their States, and third, from the Governors. We sometimes feel that a Federal representative may take a little different point of view than a State official. So that will all be made part of our record, since we are searching at this stage for information and for some answers.

(Additional information submitted for the record is as follows:)

WASHINGTON, D.C., *April 14, 1971.*

To: Senate Committee on Agriculture and Forestry; Attention: Mr. Mike McLeod.
From: Frances Goldberg, Analyst in Agriculture, Congressional Research Service, Library of Congress.
Subject: Rural development legislation introduced in the 91st and 92d Congresses.

Enclosed is a list of bills pertaining to rural development which were introduced in the 91st and 92d Congresses with brief descriptions of each. Bills for the 91st Congress are not file at the Library, but copies of those available for the 92d Congress are enclosed, as are reports for both Congresses.

Introductory remarks for bills from the 91st Congress are difficult to track down but page numbers for substantial introductory remarks for bills introduced in this session of Congress are indicated immediately following the bill description.

A report with brief analyses of major bill types of the 91st Congress is also included.

RURAL DEVELOPMENT LEGISLATION INTRODUCED IN THE 91ST AND 92D CONGRESSES

91ST CONGRESS, 1ST SESSION

House bills—

H.R. 7—Amends the Rural Electrification Act of 1936 by establishing a rural telephone account in the United States Treasury. Mr. Poage—House Ag. Cmte. H. Rept. 91-101.

H.R. 81—Same as H.R. 7. Mr. Anderson (Tenn.) House Ag. Cmte.

H.R. 99—Provides income tax incentives and other benefits for employers operating certain industrial or commercial enterprises in rural areas. Mr. Anderson (Tenn.) House Ways and Means Cmte.

H.R. 101—To extend rural postal delivery service to the entire rural population of the U.S. without regard to the number of families residing in a specified area. Mr. Andrews (N.D.) Post Office and Civil Service Cmte.

H.R. 243—To establish community development corporations, community development banks and supporting programs. Mr. Karth—Ways and Means Cmte.

H.R. 332—To encourage the preservation and revitalization of America's human and natural resources in the non-urban sections of the country. Mr. Randall—Ways and Means Cmte.

H.R. 395—To provide that the definition of rural area under title V of the Housing Act of 1949 include: open country and communities of not over 5,500 population that are within the expanded boundaries of cities and towns. Mr. Bennett—Banking and Currency Cmte.

H.R. 526—To authorize the Secretary of Agriculture to provide, under the Watershed Protection and Flood Prevention Act: Federal grants to localities for the construction of multi-purpose water management projects to insure high water quality standards on smaller rivers and streams; and Federal grants to localities for the maintenance of reserve water supplies to allow future industrial or community growth. Mr. Pirnie—House Ag. Cmte.

H.R. 1077—To provide income tax incentives and other benefits for employers operating certain industrial or commercial enterprises in rural job development areas.

H.R. 1182—To direct the Secretary of Agriculture to cooperate with State officials to provide for preventing and suppressing structural and wild fires in rural areas. To authorize annual Federal financial assistance for program. Mr. Hull—House Ag. Cmte.

H.R. 1380—Same as H.R. 99. Mr. Tunney—Ways and Means Cmte.

H.R. 2771—To make it clear that each community is to be considered a separate entity in determining whether its population qualifies it as a "rural area" for purposes of assistance under the farm housing program. Mr. Hathaway—Banking and Currency Cmte.

H.R. 3679—Same as H.R. 1077. Mr. Mize—Ways and Means Cmte.

H.R. 3812—To authorize the making or insuring of recreational enterprise loans under the Consolidated Farmers Home Administration Act to individuals, corporations and other business organizations, and local public bodies. Mr. O'Konski—House Ag. Cmte.

H.R. 4020—Same as H.R. 7. Mr. Kleppe—House Ag. Cmte

H.R. 4036—Same as H.R. 101. Mr. Skubitz—Post Office and Civil Service Cmte.

H.R. 4192—Same as H.R. 7. Mr. O'Konski—House Ag. Cmte.

H.R. 4219—To provide income tax incentives and other benefits for employers operating certain industrial or commercial enterprises in rural job development areas Mr. Zwach—Ways and Means Cmte.

H.R. 6018—Same as H.R. 526. Mr. Horton—House Ag. Cmte.

H.R. 6738—Same as H.R. 243. Mr. Brock—Ways and Means Cmte.

H.R. 7013—To establish a rural telephone account in the U.S. Treasury and to provide supplemental financing for rural telephone programs. Mr. McMillan—House Ag. Cmte.

H.R. 7018—To provide income tax incentives and other benefits for employers operating certain industrial or commercial enterprises in rural job development areas. Mr. Olsen—Ways and Means Cmte.

H.R. 7073—Same as H.R. 7013. Mr. Teague (Calif.)—House Ag. Cmte.

H.R. 7750—Same as H.R. 243. Mr. Quie—Ways and Means Cmte.

H.R. 7872—Same as H.R. 7. Mr. Hathaway—House Ag. Cmte.

H.R. 7883—To direct the Secretary of Agriculture to cooperate with State officials to provide for the establishment of effective methods for preventing and controlling fires in rural areas. Mr. Hull—House Ag. Cmte.

H.R. 7901—Same as H.R. 243. Mr. Podell—Ways and Means Cmte.

H.R. 8041—To establish a Countryside Development Commission to analyze and evaluate the economic growth of and the impact of governmental programs upon the countryside and to recommend programs through which the Federal government in cooperation with State and local governments, and private organizations might encourage economic growth of nonmetropolitan areas of the U.S. Mr. Zwach—House Ag. Cmte.

H.R. 9284—Same as H.R. 7013. Mr. Goodling—House Ag. Cmte.

H.R. 9341—Same as H.R. 101. Mr. Zwach—Post Office and Civil Service Cmte.

H.R. 10111—Emergency Employment and Training Act—To authorize the Secretary of Labor to provide financial aid in both urban and rural areas for employment programs for low-income persons including: on-the-job vocational training and future job-placement plans to private enterprise. Mr. Diggs—Education and Labor Cmte.

H.R. 10642—To authorize an emergency fund to protect lives and property from disaster fires and to protect such valuable resources as timber, soil, water, fish and wildlife. Mr. Johnson (Calif.)—House Ag. Cmte.

H.R. 10721—To provide income tax incentives and other benefits for employers operating certain industrial or commercial enterprises in rural job development areas. Mr. Bush—Ways and Means Cmte.

H.R 11088—To establish a national wildlife disaster control fund for the control and prevention of forest fires and the training of personnel for the suppression of wildfires of disastrous proportion. Mr. Matsunaga—House Ag. Cmte.

H.R. 11413—Same as H.R. 7883. Mr. Foley—House Ag. Cmte.

H.R. 11417—Same as H.R. 7883. Mr. Johnson (Calif.)—House Ag. Cmte.

H.R. 11724—Same as H.R. 3679. Mr. Miller (Ohio)—Ways and Means Cmte.

H.R. 12329—To provide that the interest rates on loans made by the Treasury to the Department of Agriculture under the Rural Electrification Act of 1936 shall be fixed by the Secretary of the Treasury, but shall not exceed a rate equal to the average rate of interest payable by the U.S. on its marketable obligations, expenses, and estimated losses. Mr. Rhodes—House Ag. Cmte.

H.R. 12387—Same as H.R. 1077. Mr. Scherle—Ways and Means Cmte.

H.R. 13206—To provide income tax incentives and other benefits for employers operating certain industrial or commercial enterprises in rural job development areas. Mr. Stuckey—Ways and Means Cmte.

Senate bills—

S. 15—To provide income tax incentives and other benefits for employers operating certain industrial or commercial enterprises in rural job development areas. Mr. Pearson—Senate Finance Cmte.

S. 33—To establish community development corporations, community development banks, and supporting programs. Mr. Goodell—Senate Finance Cmte.

S. 413—To authorize the Secretary of Agriculture to cooperate with and furnish financial and other assistance to States and other public bodies and organizations in establishing a system for the prevention, control, and suppression of fires in rural area. Mr. Montoya—Senate Ag. and Forestry Cmte.

S. 814—To revise the Consolidated Farmers Home Administration Act so as to provide a supplemental source of credit to cooperatives serving rural people. fires in rural areas. Mr. Montoya—Senate Ag. and Forestry Cmte.

S. 815—To increase the amount of insured, operating loans that may be made under the Consolidated Farmers Home Administration Act. Mr. Ellender—Senate Ag. and Forestry Cmte.

S. 1684—To establish a rural telephone account in the United States Treasury and to specify the liabilities and uses to which the account may be put. Mr. McGovern—Senate Ag. and Forestry Cmte.

S. 2076—To authorize an emergency fund to protect lives and property from disaster fires, and to protect such valuable resources as timber, soil, water, fish and wildlife. Mr. Eastland—Senate Ag. and Forestry Cmte.

S. 2202—Same as S. 1684. Mr. Dole—Senate Ag. and Forestry Cmte.

S.J. Res. 152—To extend the rural housing programs. Mr. Sparkman—Senate Banking and Currency Cmte.

91ST CONGRESS, 2D SESSION

House bills—

H.R. 15736—To authorize the Secretary of Agriculture to extend rural housing loans under the Housing Act of 1949 to lessees of non-farm rural land. Mr. Udall—Banking and Currency Cmte.

H.R. 16178—To provide for a tax credit on certain new investments in plant and equipment for business and industry which choose to make future expansions in depressed lagging regions of the U.S. Mr. Ruppe—Ways and Means Cmte.

H.R. 16252—Same as H.R. 16178. Mr. O'Konski—Ways and Means Cmte.

H.R. 16507—To authorize the Secretary of Agriculture, under title II of the Bankhead-Jones Farm Tenant Act, to bear an equitably proportionate share of the installment costs, and all of the engineering costs of any works of improvement relating to public fish, wildlife or recreational development. Mr. Dellenback—House Ag. Cmte.

H.R. 16543—Same as H.R. 16507. Mr. Poage—House Ag. Cmte.

H.R. 16552—Same as H.R. 16507. Mr. Nelsen—House Ag. Cmte.

H.R. 16583—To provide assistance in purchasing mobile homes in rural areas under title V of the Housing Act of 1949. Mr. Brademas—Banking and Currency Cmte.

H.R. 16596—Same as H.R. 16507. Mr. Sikes—House Ag. Cmte.

H.R. 16620—Same as H.R. 16507. Mr. Bevill—House Ag. Cmte.

H.R. 16664—Same as H.R. 16507, Mr. Long (La.)—House Ag. Cmte.

H.R. 17339—Same as H.R. 16178. Mr. Duncan—Ways and Means Cmte.

H. Con. Res. 727—To establish a Joint Congressional Committee to formulate a comprehensive plan for legislation designed to deal with rural problems. Mr. Miller (Ohio)—Rules Cmte.

Senate bills—

S. 3330—To authorize rural housing loans to lessees of nonfarm rural land. Mr. Metcalf—Banking and Currency Cmte. S. Rept. 91–1129.

S. 3387—To establish a rural telephone bank to provide sources of supplementary financing to meet growing capital needs of rural telephone systems. Mr. Talmadge—Ag. and Forestry Cmte. S. Rept. 91–653.

S. 3598—To authorize the Secretary of Agriculture, under title II of the Bankhead-Jones Farm Tenent Act, to bear an equitably proportionate share of the installment costs, and all of the engineering costs of any works of improvement relating to public fish, wildlife or recreational development. Mr. Aiken—Ag. and Forestry Cmte. P.L. 91–343. S. Rept. 91–754. H. Rept. 91–1247.

S. 3607—To accelerate rural development in the United States by creating a corporation known as the Rural Community Development Bank which will make loans to job-creating enterprises in order to expand the community's economic base; to public bodies for the development of industrial sites; and for housing and recreational and cultural facilities. Mr. Pearson—Banking and Currency Cmte.

S. 3624—To provide assistance in the purchase of mobile homes in rural areas under title V of the Housing Act of 1949. Mr. Hollings—Banking and Currency.

S. 3986—To encourage a more balanced geographical dispersal of the nation's population and economic activities, to generally promote the economic and social development of rural communities. Mr. Pearson—Public Works Cmte.

S. 4265—To increase the aggregate annual limits on grants under the Consolidated Farmer Home Administration Act for water and waste facilities constructed to serve rural areas. Mr. Hatfield—Senate Ag. and Forestry Cmte.

S. Res. 463—To establish and carry out a national policy designed to encourage the distribution of future industrial growth by: awarding Federal contracts for purchase of equipment, goods and services for use by any department or agency of the Federal Government; locating new or additional facilities of any agency or department of the Federal Government; and administering or implementing new and existing government programs to those areas which have a low concentration of population and industry. Mr. McClellan—Government Operations Cmte.

92D CONGRESS, 1ST SESSION

House bills—

H.R. 7—To amend the Rural Electrification Act of 1936, as amended, to provide an additional source of financing for the rural telephone program. Mr. Poage, 1/22/71—House Ag. Cmte. P. H1939. H. Rept. 92–12.

H.R. 484—To consolidate the administration of grants and loans for basic public water and sewer facilities and waste treatment works. Mr. Ullman, 1/22/71—House Banking and Currency Cmte.

H.R. 537—To amend the Consolidated Farmers Home Administration Act of 1961 to authorize loans for rural community centers and fire and rescue facilities. Mr. Broyhill (N.C.), 1/22/71—House Ag. Comte.

H.R. 1289—To authorize the Secretary of Agriculture to cooperate with and furnish financial and other assistance to States and other public bodies and organizations in establishing a system for the prevention, control and suppression of fires in rural areas. Mr. Flynt, 1/22/71—House Ag. Cmte.

H.R. 1510—To encourage and aid the revitalization of rural America. Mr. Randall, 1/22/71—House Ways and Means Cmte.

H.R. 1521—To establish a Domestic Development Bank to assist in the development of employment and business opportunities in certain urban and rural areas. Mr. Reid (N.Y.), 1/22/71—House Banking and Currency Cmte.

H.R. 2181—To amend the Consolidated Farmers Home Administration Act of 1961, as amended, to authorize the Secretary of Agriculture to finance and participate with State and local interests in the financing of recreational enterprises and industrial establishments needed for the economic development of rural areas. Mr. O'Konski, 1/25/71—House Ag. Cmte.

H.R. 2562—To amend the Rural Electrification Act of 1936, as amended, to provide an additional source of financing for the rural telephone program. Mr. Thompson (Wis.), 1/29/71—House Ag. Cmte.

H.R. 3282—To amend the Public Health Service Act to encourage physicians, dentists, optometrists, and other medical personnel to practice in areas where shortages of such personnel exist. Mr. Galifianakis, 2/2/71—House Interstate and Foreign Commerce Cmte.

H.R. 3283—Same as H.R. 3282.

H.R. 3306—To amend the Internal Revenue Code of 1954 to allow a credit against income tax to employers for the expenses of providing job training programs. Mr. Price (Tex.), 2/2/71—House Ways and Means Cmte. P. E465.

H.R. 3502—To amend the Rural Electrification Act of 1936, as amended, to provide an additional source of financing for the rural telephone program. Mr. Price (Tex.), 2/3/71—House Ag. Cmte.

H.R. 3504—To amend the Internal Revenue Code of 1954 to limit the use of industrial development bonds to rural areas, to allow a credit against income tax to employers for the expenses of providing job training programs in rural areas, and otherwise to encourage fuller and more effective use of the human resources of such areas. Mr. Price (Tex.), 2/3/71—House Ways and Means Cmte.

H.R. 3511—To provide incentives for the establishment of new or expanded job-producing industrial and commercial establishments in rural areas. Mr. Sebelius, 2/3/71—House Ways and Means Cmte.

H.R. 3550—To establish a National Development Bank to provide loans to finance urgently needed public facilities for State and local governments, to help achieve a full employment economy in urban and rural America by providing loans for the establishment of small and medium-size businesses and industries and the expansion and improvement of such existing businesses and industries, and for the construction of low and moderate income housing projects, and to provide job training for unskilled and semi-skilled unemployed and underemployed workers. Mr. Patman, 2/4/71—House Banking and Currency Cmte.

H.R. 3849—To provide incentives for the establishment of new or expanded job-producing industrial and commercial establishments in rural areas. Mr. Thompson (Wis.), 2/8/71—House Ways and Means Cmte.

H.R. 4565—To authorize funds to carry out the purposes of the Appalachian Regional Development Act of 1965. Mr. Kee, 2/18/71—House Public Works Cmte.

H.R. 5081—To provide incentives for the establishment of new or expanded job producing industrial and commercial establishments in small towns and rural areas. Mr. Wright, 2/25/71—House Ways and Means Cmte.

H.R. 5190—To encourage national development by providing incentives for the establishment of new or expanded job-producing and job-training industrial and commercial facilities in rural areas having high proportions of persons with low income or which have experienced or face a substantial loss of population because of migration. Mr. Evins (Tenn.), 3/1/71—House Ways and Means Cmte.

H.R. 5289—To establish a national policy relative to the revitalization of rural and other economically distressed areas by providing incentives for a more even and practical geographic distribution of industrial growth and activity and developing manpower training programs to meet the needs of industry. Mr. Mills, 3/1/71—House Government Operations Cmte.

H.R. 5723—Same as H.R. 3511.

H.R. 7138—To further provide for the farmer-owned cooperative system of making credit available to farmers and ranchers and their cooperatives, for rural residences, and to associations and other entities upon which farming operations are dependent, to provide for an adequate and flexible flow of money into rural areas, and to modernize and consolidate existing farm credit law to meet current and future rural credit needs. Mr. McMillan, 4/1/71—House Ag. Cmte.

H.R. 7210—Same as H.R. 7138. Mr. Perkins, 4/6/71—House Ag. Cmte.
H.R. 7262—Same as H.R. 7138. Mr. Zwach, 4/6/71—House Ag. Cmte.
H.R. 7270—Same as H.R. 7138. Mr. Carter, 4/6/71—House Ag. Cmte.
H.R. 7350—Same as H.R. 7138. Mr. Quillan, 4/7/71—House Ag. Cmte.
H.R. 7390—Same as H.R. 7138. Mr. Fulton (Tenn.), 4/7/71—House Ag Cmte.
H.R. 7393—Same as H.R. 7138. Mr. Hagan, 4/7/71—House Ag. Cmte.

Senate bills—

S. 10—To establish a national policy relative to the revitalization of rural and other economically distressed areas by providing incentives for a more even and practical geographic distribution of industrial growth and activity and developing manpower training programs to meet the needs of industry. Mr. McClellan, 1/25/71—Senate Government Operations Cmte. P. S128.

S. 69—To authorize the Secretary of Agriculture to conduct a pilot Federal-State cooperative program for the prevention, control, and suppression of fires in rural areas. Mr. Dole, 1/25/71—Senate Ag. and Forestry Cmte.

S. 70—To amend the Rural Electrification Act of 1936, as amended, to provide an additional source of financing for the rural telephone program. Mr. Dole, 1/25/71—Senate Ag. and Forestry Cmte. P. S190. S. Rept. 92-21.

S. 346—To provide incentives for the establishment of new or expanded job-producing industrial and commercial establishments in rural areas. Mr. Pearson, 1/27/71—Senate Finance Cmte. P. S790.

S. 391—To amend section 306 of the Consolidated Farmers Home Administration Act to increase the aggregate annual limit on grants for water and waste facilities constructed to serve rural areas and to increase the aggregate annual limit on grants for plans for the development of such facilities. Mr. Hatfield, 1/28/71—Senate Ag. and Forestry Cmte. P. S428.

S. 575—To authorize funds to carry out the purpose of the Applachian Regional Development of 1965. Mr. Randolph, 3/15/71—Senate Public Works Cmte. P. S802.

S. 576—To provide tax incentives to encourage physicians to practice medicine in physician shortage areas. Mr. Tower, 2/3/71—Senate Finance Cmte. P. S764.

S. 580—To establish a National Development Bank to provide loans to finance urgently needed public facilities for State and local governments, to help achieve a full employment economy both in urban and rural America by providing loans for the establishment of new businesses and industries and the expansion and improvement of existing businesses and industries, for the construction of low and moderate income housing projects, and to provide job training for unskilled and semiskilled unemployed and underemployed workers. Mr. Sparkman, 2/4/71—Senate Banking, Housing and Urban Affairs Cmte.

S. 742—To create a rural community development bank to assist in rural community development by making financial, technical, and other assistance available for the establishment or expansion of commercial, industrial and related private and public facilities and services. Mr. Pearson, 2/10/71—Senate Banking, Housing and Urban Affairs Cmte.

S. 963—To authorize the Secretary of Agriculture to cooperate with and furnish financial and other assistance to States and other public bodies and organizations in establishing a system for the prevention, control and suppression of fires in rural areas. Mr. Montoya, 2/25/71—Senate Ag. and Forestry Cmte.

S. 1353—To amend the Public Health Service Act to assist in alleviating the shortage of health care personnel in rural areas. Mr. Pearson, 3/24/71—Senate Labor and Public Welfare Cmte. P. S3693.

S. 1483—To further provide for the farmer-owned cooperative system of making credit available to farmers and ranchers and their cooperatives, for rural residences, to provide for an adequate and flexible flow of money into rural areas. Mr. Talmadge, 4/5/71—Senate Ag. and Forestry Comte. P. S4510.

S. 1507—To provide for the establishment of a National Rural Development Center. Mr. Pearson, 4/5/71—Senate Ag. and Forestry Cmte. P. S4578.

S. Res. 76—To authorize supplemental expenditures by the Committee on Agriculture and Forestry for an inquiry and investigation pertaining to rural development. Mr. Talmadge—Rule Cmte. S. Rept. 92–54.

STATE LAWS DESIGNED FOR INDUSTRIAL DEVELOPMENT ESPECIALLY IN SMALL TOWNS AND RURAL AREAS, INCLUDING RURAL REHABILITATION PROGRAMS

(Memo from the Legislative Reference Service of the Library of Congress)

1. Alabama

Constitution, Amendments 302 (Pickens County), 303 (Morgan County, cities of Hartselle and Decator), 308 (Morengo County).

Code, 55:373(6a) to 373(6e), State Planning and Industrial Development Board (includes small towns and rural areas).

Code, 55:373(6e1) to 373(6e6), Alabama Development Office. Board mentioned above is now called State Industrial Development Board.

Code, 55:373(6k) to 373(6w), State Industrial Development Authority.

Code, 55:373 (6w1) to 6w7), Additional Bands and Grants.

2. Alaska

Statutes, 44.19.580 to 44.19.620 (rural development).

44.19.720 to 44.19.728 (Rural Affairs Commission).

44.45.010 to 44.45.060 (Department of Economic Development and Planning).

44.59.010 to 44.59.450 (State Development Corporation).

44.61.010 to 44.61.220 (Alaska Industrial Development Authority).

3. Arizona

Revised Statutes, 15–1061 to 1065 (Supp.) Youth Farm Loan Fund.

11–771.20, 21 (Supp.) State Community Development Council.

9–1151 to 1196 (Supp.) Industrial Development Plans for Municipalities & Counties.

4. Arkansas

Constitution, Amendment No. 49 Industrial Development Bonds of cities, towns, counties.

Statutes, 20–1401 to 1424 Rural Development Authority.

9–501 to 544 Arkansas Industrial Development Act.

9–559 to 568 (Supp.) Industrial Development Guaranty Bond Act.

5. California

West's Annotated Codes, Government Code, 13480 to 13498 Economic Development Agency (this is statewide, but local areas are mentioned).

6. Colorado

Revised Statutes, 36–24–1 to 36–24–23 Economic Development Revenue Bond Act (for counties and municipalities).

7. Connecticut

General Statutes, 32–10 to 32–23a, Connecticut Industrial Building Commission (statewide, but includes towns, boroughs).

7–136, 137 Municipal and regional economic development commissions.

8–186 to 200b Municipal Development Projects.

8. Delaware

Code, 6:7001 to 7009 Delaware Industrial Building Commission.

9. Florida

Statutes, 23.011 to 23.018 State Planning and Programming (in general).

159.25 to 159. 53 Florida Industrial Development Financing Act.

10. Georgia

Code, 40–2127 to 2137 Area Development Finance Act.

69–1501 to 1513 Industrial Development Authorities Law.

62–1501 to 62–1505 Georgia Development Authority Act.

11. Hawaii

Revised Statutes, 48–1 to 48–7 201–1 to 201–31.

12. Idaho

Code 57–1401 to 1406 Rural Rehabilitation Funds.

13. Illinois

Smith-Hurd Annotated Statutes, 48:831–847. Illinois Industrial Development Authority Act.

85:891–898 (Supp.) Industrial Development Assistance Law.

127:42a 3–7 Rural rehabilitation.

127:46, to 47.23.

14. Indiana

Burn's Statutes, 48:8701 to 8725 Municipal Economic Development.

60:2401 to 2412 The 1965 Indiana Economic Development Authority Act.

15:2201 to 2205 Rural rehabilitation.

15. Iowa

Code, 419.1 to 419.15 Municipal support of industrial projects.

234.15 to 234.20 Rural rehabilitation.

16. Kansas

Statutes Annotated, 12–1740 to 12–1749 General economic and agricultural development.

13–1441, 1442 Levy for securing industries in or near cities.

74–5001 to 74–5009 Kansas Economic Development Act.

17. Kentucky

Baldwin's Revised Statutes, 154.001 to 154.170 Industrial Development Finance Authority 246.270 to 290.

18. Louisiana

Revised Statutes, 51:1151 to 1165 Municipal and Parish Industrial Development Boards.

51:1201 Industrial Development Generally.

19. Maine

Revised Statutes, 30:5325 to 5344 (Supp.) 10:701 to 852.

20. Maryland

Code, 45A, 1–3.

27. Nebraska

Revised Statutes, 2–2101 to 2107 Rural Rehabilitation Corporation.

Constitution, Art. XV, Sec. 16 Industrial Development; powers of counties and municipalities.

Statutes, 18–1614 to 1623.

19–2501 to 2508 Industrial Areas (except metropolitan cities).

81–1201 to 1213 (Supp.)

28. Nevada

Revised Statute, 231.010 to 231.130 Department of Economic Development.

561.425 to 561.465 Rural Rehabilitation.

29. New Hampshire

Revised Statutes, 12A, 1 to 12A: 16 Department of Resources and Economic Development.

162–A: 1 to 16 Industrial Development Authority.

162–D: 1 to 8 Acquisition and Disposal of Industrial Facilities.

30. New Jersey

Statutes Annotated. 40:190–1 to 40:190–12 Industrial Commission (for industrial development of all cities).

40.55B–1 to 40:55B–10 Industrial Commission (for industrial development of all municipalities).

52:27C–1 to 52:57C–18 (Department of Economic Development).

4:18A–1 to 4:18A–10 Rural Rehabilitation.

31. New Mexico

Statutes, 4–17–1 to 4–17–9 Department of Development.

14–59–1,2 Economic Development Promotion Act.

14–31–1 to 14–31–13 Industrial Revenue Bond Act.

32. New York

McKinney's Consolidated Laws, General Municipal Law, 850–888.

Unconsolidated Laws, 6301–6325 New York State Urban Development and Research Corporation Act.

(NOTE.—The text of the laws cited above are on file with the Subcommittee on Rural Development.)

APRIL 12, 1971

To: Walter W. Wilcox, Senior Specialist Division.
From: Economics Division, Congressional Research Service, Library of Congress.
Subject: Information on optimum city size for request on rural development.

Enclosed is a duplicated copy of a Council of Planning Librarians Exchange Bibliography, Optimum City-Size and Municipal Efficiency. In addition, a few additional references on the same subject are listed below.

Phoebus J. Dhrymes and Mordecai Kurz. Technology and scale in electricity generation, Econometrica, v. 32, No. 3, July 1964, pp. 287–315.
Nels W. Hanson. Economy of scale as a cost factor in financing public schools, National tax journal, v. 17, No. 1, March 1966; 92–95.
Werner Z. Hirsch. About the supply of urban services (Los Angeles, California, University of California, Institute of Public Affairs, 1967).
Werner Z. Hirsch. Cost functions of an urban government service: refuse collection, The Review of economics and statistics, v. 47, No. 1, February 1965: 87–92.
Werner Z. Hirsch. Expenditures implications of metropolitan growth and consolidation, The Review of economics and statistics, v. 41, No. 3, August 1959: 234–235.
Warren Y. Kimball. Population density and fire company distribution, Fire journal, March 1965: 39–41.
C. D. Laidlaw. Utilities in and out of planning. Urban Problems and techniques (Lexington, Mass. Chandler-Davis Publishing Co., 1959).
Julius Margolis, editor. The public economy of urban communities. Baltimore, Md., The Johns Hopkins Press, 1965.
Marc Nerlove. Returns to scale in electricity supply. Stanford, Calif., Institute for Mathematical Studies in the Social Sciences, Stanford University, 1961: p. 11.
Clarence E. Ridley *and* Herbert A. Simon. Measuring municipal activities, Chicago, International City Managers Association, 1938.
Henry J. Schmandt *and* G. Ross Stephens. Measuring municipal output, National tax journal, v. 13, No. 4, December 1960: 369–375.
Henry B. Schechter. Cost-push of urban growth, Land economics, February 1961.
Stanley Scott *and* Edward Feder. Factors associated with variations in municipal expenditure levels. Berkeley, Calif., Bureau of Public Administration, University of California, 1957. 52 p.
Harvey Shapiro. Economies of scale and local government finance. Land economics, v. 34, No. 2, May 1963: 175–186.
William C. Wheaton *and* Morton J. Schussheim. The cost of municipal services in residential areas. Washington, U.S. Department of Commerce, Office of Technical Services, 1955.

MARION SCHLEFER,
Analyst in Housing and Urban Affairs.
HENRY B. SCHECHTER,
Senior Specialist in Housing.

(NOTE. The following letter was sent to the Governors of the States and territories and their replies are as follows:)

U.S. SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C., April 30, 1971.

Hon. PATRICK J. LUCEY,
Governor of Wisconsin,
State Capitol,
Madison, Wis.

DEAR GOVERNOR LUCEY: In 1970 the Congress adopted a special amendment to H.R. 18546, the Agricultural Act of 1970, which sets the stage for increased Congressional activity on behalf of the people of rural America.

This amendment, known as Title IX of the Agricultural Act of 1970, commits the Congress to a sound balance between rural and urban America. The amendment states in part "The Congress considers this balance so essential to the peace, prosperity, and welfare of all citizens that the highest priority must be given to the revitalization and development of rural areas."

In addition, the amendment requires reports from the Executive Branch in five different areas which will be helpful to Congress in devising legislation and rural development.

I was honored to be appointed Chairman of the Rural Development Subcommittee of the Senate Committee on Agriculture and Forestry. This subcommittee was established to carry out the mandate of Title IX. Under the terms of Senate Resolution 76, this subcommittee is given the authority to examine, investigate, and make a complete study of any and all matters pertaining to the development of the rural areas of the United States.

In carrying out our mandate, the Subcommittee is attempting to obtain the benefit of the State Governor's experiences in rural community development. No one is more familiar with the problems of the economic development and the social improvement of rural areas than are the State Governors.

I would greatly appreciate your providing the following information:

1. Your views and opinions as to what the problems of rural America are.
2. Your opinion on the impact of these rural problems on urban America.
3. The need for a national growth policy.
4. Your experience in dealing with Federal programs aimed at the development and improvement of the rural areas of your State.
5. The State laws and State programs aimed at the development of the rural areas of your State.
6. Your experience in the planning of the economic development of your State.

I believe that it is extremely important that the Members of the Rural Development Subcommittee get out into the countryside and examine the problems first-hand. For this reason, I am planning ten field trips around the country. I want to assure you that, should it be possible to schedule a regional hearing in or near your State, you will be kept fully informed.

I look forward to working with our Governors. Your help and cooperation are needed.

Hubert H. Humphrey,
Chairman, Rural Development Subcommittee.

State of Alaska,
Office of the Governor,
Juneau, Alaska, June 21, 1971.

Hon. Hubert H. Humphrey,
Chairman, Rural Development Subcommittee,
Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.

Dear Senator Humphrey: My congratulations to you on your appointment as Chairman of the Rural Development Subcommittee, and I assure you the full cooperation of my office in developing programs designed to assist the people in rural areas of America.

Officials in Washington are probably weary of hearing Alaskans talk about the unique problems of the rural areas of the State, but there is no better way to describe them. Problems in Alaska are compounded by tremendous distances, topography which makes surface transportation difficult, and ethnic groups which are disadvantaged educationally, culturally and economically. Thousands of Alaska natives—Indians, Aleuts and Eskimos—residing in remote and isolated areas of Alaska are living under poverty conditions worse than Appalachia. Approximately one-fifth of Alaska's population is made up of these ethnic groups.

Most of the native villages are situated on the Arctic and sub-Arctic coast, or on interior rivers, where they have historically existed on a subsistence economy, with fishing and hunting as the only means of support. The transition from a subsistence economy to a cash economy is extremely difficult, since in most instances there is little or no industrial development feasible in the areas, principally due to the lack of transportation facilities. The people living in these villages cannot be readily assimilated into the urban centers because of educational and cultural disadvantages, yet they are not happy living under existing conditions.

There are other villages along the coast where the population is a mixture of native and non-natives, but the economy is based upon a single resource, such as fishing, which has an employment season of only two or three months and fluctuates with the annual run of fish. The people of most of these communities must depend entirely upon welfare assistance during seasonal unemployment and all year when the fishing is poor. These people are not proud to be welfare recipients, and our hope is that the resources of Alaska can be developed to the point that all Alaskans, whether native or non-native, who wish gainful employment can be employed.

The potential to accomplish this exists in Alaska. We have the minerals, forest products, seafood products, and petroleum, which during the next few decades will be desperately needed by the citizens of the United States and other countries, but financial assistance will be needed to develop transportation and other facilities to make these resources accessible.

Officials of the Bureau of Indian Affairs have estimated the average annual unemployment rate for all Alaska natives, in both urban and rural communities, to be around sixty percent. We could expect that the average unemployment rate for natives living in rural communities to be around ninety percent.

We recognize the need to provide programs of basic, cultural, and vocational education to assist the natives to make this transition, but both Federal and State funds have been inadequate to make much progress. Available funds have been well spent, and a limited number of the natives have been in training programs. However, the delay in settlement of the Native Land Claims and the issuance of the pipeline permit have slowed Alaska's economy to the point that jobs for these people after training are not available in urban areas.

The Alaska State Department of Economic Development is placing increasing emphasis on services to the rural areas. These services include assistance in preparing applications for project funding, evaluation of the feasibility of private and public projects, and regional resource surveys to assist new and existing businesses and village councils in the rural areas.

The State has recognized that there is a vacillating awareness among some Federal officials and National policy makers concerning the needs of the state of Alaska. Nevertheless, most Federal programs in Alaska involved in the development and improvement of rural Alaska are showing substantial progress in correcting many of the problems that exist here.

It is recommended that existing programs be reviewed for possible consolidation and simplification. The present programs should be reappraised, not from the standpoint of how they best serve a Federal department, but how they can be made to better serve the people in rural America to face their problems. The programs should be based on the best way to carry out a National policy of social and economic advancement. Present programs should further encourage sufficient private investment, or private initiative in rebuilding rural America.

In some respects we consider that the proliferation of Federal programs within separate agencies does contribute to an ineffectiveness which could be eliminated through more thorough coordination and planning.

It is suggested that personnel of the Federal agencies be encouraged to suggest improvements to their programs, with emphasis on improving the agency's ability to respond to the intent of Federal legislation and their more effective utilization of funds allotted to achieve their goals. As a specific example, Indian, Eskimo and Aleut villages of Alaska do not qualify under the Indian Program of the Economic Development Administration. Essentially, every professional employee of the Economic Development Administration aware of the Alaskan situation contends this situation is unfair, and is discriminatory to the Alaska native people. However, year after year there is no improvement in the situation and it continues to exist.

The officials closest to the programs can best recommend improvements. These recommendations merit expeditious consideration and a procedure for their implementation should be adopted.

The recently appointed Alaska Rural Affairs Commission includes representation from all facets of rural Alaska. This group will consider various avenues of development, and future State policies will be largely based on recommendations of this Council. The State Rural Development Agency has grant funds available for direct input into projects in the communities, grants of up to $10,000 have been made available annually to villages and small communities on a project-by-project basis.

All of rural America is plagued with serious housing deficiencies. However, in Alaska these conditions are compounded by the remoteness, the harsh climate, and cultural dislocation. A recent report by the Bureau of Indian Affairs estimated that of the 10,344 housing units of the Alaska native population, 8,714 are substandard. Of these, 8,437 need to be replaced, and the remaining 281 need renovation. Additionally, 1,008 families have no housing. The need for houses for Alaska's low income native population alone comes to 9,445 units. The lack of land titles, conventional bank financing, and building contractors compound the problem. The homes that are built are constructed by the individuals for their own use. Public housing programs are the only source of new housing stock for the low-income people of Alaska. Occupied dwellings in the villages are overcrowded and insufficiently ventilated, which further aggravates the health hazards.

The high Alaska mortality and morbidity of infants and preschool children is directly related to a deficient diet. Rural Alaskans today depend less on a subsistence economy of hunting, fishing, and berries, and have now increased their dependence on processed foods. The nutrition problem is thus compounded by the low income of the rural population, which allows only meager purchases of store foods. The Food Stamp Program initiated on a statewide basis in January, 1969, has improved this situation and has increased thte buying power of the low-income sector.

The rural Alaska population lives in the most extreme and hazardous health conditions in the Nation. Water supplies are polluted in many situations and waste disposal systems are inadequate or do not exist in many villages. These conditions are not necessarily a part of the Alaska environment, nor are they part of the native culture, but are caused by poverty conditions. The result has been that the rural Alaska people have suffered epidemics of tuberculosis, pneumonia, influenza, meningitis, infectious hepatitis, and other diseases. Approximately 8,000 residents of rural Alaska obtain water from unprotected wells, streams, tundra ponds or are forced to melt ice.

I have attempted to indicate only a few of the problems which confront the people living in the rural areas of Alaska. We feel that because of the seriousness and uniqueness of problems existing here, your subcommittee should hold adequate hearings in Alaska to gain a thorough understanding of these problems. Members of my staff would be made available to do the necessary work related to the hearings.

Sincerely,

WILLIAM A. EGAN, *Governor.*

GOVERNMENT OF AMERICAN SAMOA,
OFFICE OF THE GOVERNOR,
Pago Pago, American Samoa, May 19, 1971.

Hon. HUBERT H. HUMPHREY,
Chairman, Rural Development Subcommittee. Committee on Agriculture Forestry, U.S. Senate, Washington, D.C.

DEAR SENATOR HUMPHREY: Thank you very much for your inquiry about rural development problems in American Samoa. It is nice to have your letter and you may recall our previous meetings, one when I sat next to you as chairman of the Oceanographic Commission of Washington when you addressed various oceanographic interests in, if memory serves me correctly, 1969.

We also had an opportunity to chat in Washington, D.C. at a reception in the new Senate Office Building hosted by Senator Warren Magnuson.

I am attaching material on environmental and ecological problems in American Samoa, which I believe, will answer your questions in whole or in part.

Our former Director of Agriculture, High Chief A. U. Fuimaono, was elected last November as American Samoa's Delegate-at-Large to Washington, D.C.

I am sending your letter to him as he is completely familiar with agricultural problems here in American Samoa. I am asking him to contact you or the proper members of your staff to provide verbal answers in depth and to work with your committee on behalf of American Samoa.

Should you wish to convene one of your hearings in American Samoa, despite its smallness and distance, we would be most pleased to have you.

Best personal regards.

Sincerely yours,

JOHN M. HAYDON, *Governor.*

(Note. The material referred to above is on file with the Subcommittee on Rural Development.)

OFFICE OF THE GOVERNOR,
Phoenix, Ariz., May 24, 1971.

Hon. HUBERT H. HUMPHREY,
Chairman, Rural Development Subcommittee, U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: Herewith attached you will find answer to the six questions posed in your letter regarding your Rural Development Subcommittee.

Thank you very much for the opportunity of responding.

Yours sincerely,

JACK WILLIAMS, *Governor.*

(The attachment is as follows:)

RESPONSES TO QUESTIONS FOR RURAL DEVELOPMENT SUBCOMMITTEE—HUBERT H. HUMPHREY, Chairman

1. The problems of rural America, from my point of view, must be defined in the perspective of the problems of rural Arizona, of course. And Arizona, with the large proportion of non-private land—something near 85 percent of our land is under the jurisdiction of federal and state agencies—the problems of rural Arizona are compounded by the limitations on land available for application to various forms of economic development.

A useful guide to the trends, from 1950 to 1970, which have affected Arizona's growth, its population distribution, and the distribution of personal income among our residents, can be found in this very brief statistical summary:

> Arizona has 14 counties. Only two, Maricopa (Phoenix) and Pima (Tucson) qualify as standard metropolitan statistical areas.
>
> In 1950, these two counties contained 63.3 percent of Arizona's total population. These same two counties also received 63.7 percent of Arizona's personal income dollars.
>
> In 1950, the twelve remaining non-metropolitan counties contained 36.7 percent of the population, but only 36.3 percent of the personal income dollars.
>
> In 1970, the two metropolitan counties of Maricopa and Pima contained 74.7 percent of the population, and received 76.8 percent of the state's personal income dollars.
>
> In 1970, this left the twelve non-metro counties with only 25.3 percent of the people, and only 23.2 percent of the personal income total.

The problem of rural Arizona, as reflected in these figures, is one of less populous communities, widely separated geographically, and with the added complication of a narrow base of private land—all these factors combining to thwart planned and organized efforts to generate economic development in these rural areas and communities.

The flight from the farms and declines in agricultural employment have eroded the population and economic bases of our rural areas and have caused a compounding negative effect on the ability of both the public and private sectors to provide and maintain adequate education systems, utilities, housing, recreation, trades and services, and the other amenities once offered in rural America.

It is only since 1968 that Arizona has had a statewide planning function in its kit of economic resources. Its existence is now permitting us to identify, assemble and define economic factors, both in the rural areas and in metropolitan centers, which can help us refine and direct our development efforts for both the rural regions and the metro areas.

The problem, in essence, is one of being able to assemble economic information that is valid and current, and which can persuade individuals and firms to consider the creation of economic development in the rural areas.

2. The statistics cited, comparing the population and income distributions reveal another aspect of these problems—the aspect alluded to in the Second of your questions: Their impact on urban America.

The growth patterns which have contributed to the phenomenal growth rates of Maricopa and Pima counties are in large measure attributable to Arizona's unusually high rate of in-migration.

But these growth patterns also encompass the intra-state trend of migration from the rural areas toward the metropolitan centers, of course—the move, within the state, toward those areas where employment opportunities exist.

These factors, and others, have convinced us that there is a need for two separate but related programs of economic planning and development—one for the perfectly valid but particular requirements of the metropolitan centers of the state, another for the valid but special requirements of the twelve non-metro counties of Arizona.

3. Any rational growth policy should take into account the needs of both rural and urban America. Perhaps a national growth policy is needed built around the growth center concept in a manner that will benefit the hinterlands around them. Before a national growth policy is developed and implemented, state growth or development policies should be carefully examined and, where indicated, supported in lieu of a national growth policy.

4. A multitude of federal programs oriented to development in rural areas are being carried out in Arizona each year. In Fiscal Year 1970 in the Department of Agriculture alone, these programs varied in cost from a low of $400 for Non-Farm Enterprise Loans to more than $39 million for Cotton Direct Payments. Other major federal programs which made substantial direct or indirect contributions to development and improvement in rural areas were sponsored by the Department of Commerce, the Department of Health, Education and Welfare, the Department of the Interior, the Department of Labor, and the Department of Transportation. While an exact figure has not been determined in our brief analysis, it is estimated that the total cost of all federal programs currently being applied in the rural areas of the State of Arizona would approach $250 million. This would include all federal outlays having an impact on the physical, social and economic facets of farm areas and rural communities.

In past years, the field organization of the U.S. Department of Agriculture, through the Farmers Home Administration, Soil Conservation Service, Cooperative Extension Service programs, etc. has played the greatest role of liaison with its rural clientele. Other federal agencies have established liaison through state agencies such as the State Land Department, Fish and Game Commission, State Parks Board, Interstate Stream Commission, State Highway Department, and others with line responsibilities and programs affecting both rural and urban areas alike. More recently, several events have taken place that have served to provide better coordination of federal, state and local programs directed toward development and improvement of rural areas in Arizona. Some of these efforts have been generated by federal agencies and others by both state government and local communities. Included among these are the following:

(a) *Four Corners Regional Commission*, authorized under Title V of the Public Works and Economic Development Act of 1965. The basic objective of the Commission is to enable the member states and its subdivisions to take maximum advantage of federal grant-in-aid programs that will facilitate public investments designed for producing positive economic effects within the Commission area. The Governor of Arizona serves as a member of the Commission. State planning and operating agencies are represented on technical advisory committees serving the Commission in a variety of functional areas including manpower, transportation, education, agriculture, minerals, industry, health, and tourism and recreation. Close coordination is established between state agencies and the Commission staff, and the continuing review and evaluation of the Commission's programs affords the opportunity for developing a reasonable degree of correlation among a variety of federal programs and between the federal-state-local levels of government.

(b) *Indian Development District of Arizona*, a non-profit state chartered organization created in 1967 with a membership of 17 Indian reservations—15 in Arizona and 2 in California. The basic purpose of IDDA is to aid and facilitate sound economic planning for development on the member reservations in conjunction with non-Indian areas surrounding the reservations. The IDDA organization has been financially aided by the Economic Development Administration of the U.S. Department of Commerce. Five IDDA Planning Areas have been defined and staffed. Each of the Planning Area Committees is engaged in the formulation of plans for growth and is coordinating overall economic planning and development within its area of jurisdiction with assistance and support provided through the central office staff and facilities.

(c) *State Rural Development Committee*, created pursuant to USDA Secretary's Memorandum No. 1667. The Rural Development Committee for Arizona has been convened by the director of the State Cooperative Extension Service and includes in its membership the Forest Service, Farmers Home Administration, Soil Conservation Service, and the Rural Electrification Administration. The basic goal of the Rural Development Committee is to utilize existing authorities to provide more jobs and income opportunities, improve rural living conditions, and enrich the cultural life of rural America. State committees are encouraged to establish liaison with the executive officers of state government. To accomplish this, the Arizona committee has extended membership to the Arizona Department of Economic Planning and Development, which agency has an overall coordinative responsibility in state government for economic planning and development in rural as well as urban areas. In a further coordiative effort, the Cooperative Extension Service provides an Area Specialist on a full time liaison basis in the Department of Economic Planning and Development.

(*d*) *Resource Conservation and Development Projects*, authorized under the Food and Agriculture Act of 1962, have been organized in Arizona covering a major part of the State. The four organizations existing are Little Colorado River Plateau, Cocopai, Hohokam, and Coronado. All of these organizations have adjusted their boundaries since their initial establishment to conform to the Planning and Development District framework established by Executive Order of the Governor of Arizona in July, 1970. These organizations have multi-functional programs oriented to development and improvement in rural areas. The RC&D groups have broad representation from both the public and private sectors and receive assistance and support from state and federal agencies, particularly the Soil Conservation Service of the U.S. Department of Agriculture. In an effort to improve their participation in areawide and state programs, the RC&D organizations are now beginning to serve as major advisory committees to the District Councils of Government being created in non-metropolitan areas.

Overall, it is felt that intergovernmental relationships are improving to the advantage of rural Arizona.

5. It is difficult to inventory and assess state laws and state programs specifically aimed at the development of rural areas of Arizona. The preponderance of state laws relative to this subject would be those that create state agencies or enable the creation of the subdivisions and special districts of the State. In the past, with few exceptions, programs developed and funded to be carried out by the state's operating agencies have been applied on a statewide basis without specific distinctions being made between urban and rural areas. Emphasis on rural problems has generally been accomplished through the representative political process, and the allocation of public resources has followed accordingly. More recently, with the creation of the Department of Economic Planning and Development and several functional planning agencies in the areas of manpower, law enforcement, health, outdoor recreation and water resources, recognition is being given to the differences between urban and rural area development, and programs are being designed and implemented which do understand and address themselves to the special needs in both areas. Three examples can be cited within the Department of Economic Planning and Development:

(a) The local planning assistance program administered by the Department has a primary emphasis on assisting rural communities and Indian reservations in planning for their growth and development.

(b) The Department is currently carrying out an environmental facilities planning needs study for all rural areas and Indian reservations within the State. This includes a determination of future water, sewer and solid wastes systems requirements over the next 20 years.

(c) The Department has a Community Development Section which provides direct technical assistance to rural communities in organizing and carrying out local development and improvement programs.

6. Arizona state government has had a planning and economic development agency for almost three years. Experiences thus far show that planning provides support for development by identifying and cataloging the state's resources, examining growth trends, and projecting population, personal income and other essential facts. All of this tells us where we are today and at what rate we are traveling. It also tells us where we might be by 1980 or some year in the future, based on certain assumptions. Thus, alternatives to the present patterns of development can be examined. As additional experience is acquired in planning, its usefulness to the state's economic development can be better evaluated.

STATE OF ARKANSAS,
OFFICE OF THE GOVERNOR,
Little Rock, Ark., June 11, 1971.

Hon. HUBERT H. HUMPHREY,
Chairman, Rural Development Subcommittee,
U.S. Senate, Washington, D.C.

DEAR SENATOR HUMPHREY: I am pleased to transmit herewith a report by Dr. Barton A. Westerlund, Director Industrial Research and Extension Center, University of Arkansas, on findings and recommendations for rural community development. I believe this report will cover all the questions you have asked as chairman of the Rural Development Subcommittee.

If I can be of further assistance to you please let me know.

With every good wish,

Sincerely,

DALE BUMPERS, *Governor.*

(The statement referred to above is as follows:)

STATEMENT OF DR. BARTON A. WESTERLUND, DIRECTOR, INDUSTRIAL RESEARCH AND EXTENSION CENTER, UNIVERSITY OF ARKANSAS

Over the past decade vast amounts of effort and resources have been invested in seeking solutions to a variety of critical problems. Arkansas has traditionally lagged behind the Nation in every significant economic measure. While improvement has occurred. Arkansas, unlike the more highly developed states, is under continuous pressure not only to make progress but to accelerate its rate of economic growth to participate to a greater extent in the benefits of the anticipated expansion of the Nation's economy. While improvements have closed the gap somewhat, the remaining voids still place the State in an unenviable position.

Between 1940 and 1960 the State had a net population decrease resulting from out-migration. The loss occurred mainly within the prime working age groups due to a lack of employment opportunities. This trend was somewhat lessened between 1960 and 1970. However, while a 7.7 percent population increase was registered for the State as a whole during this period, 41 of the State's 75 counties still experienced a net out-migration.

Arkansas has been traditionally more rural than the Nation as a whole. The State has been and continues to be highly oriented toward agricultural production. The movement of people from the farms to urban areas is, to a great extent, related to the impact of technology on agriculture. The population shift and urbanization trend differ only in degree from the national situation. Arkansas' population migration has been large in proportion to its ability to adjust to the change. And yet, the State's urbanization has been slower than for the Nation as a whole. It has not been possible to create urban employment in the same places where large amounts of labor are being released by advances in agricultural technology. In the past, the resulting adjustment was high out-migration from the State. More recently, with somewhat improved employment opportunity, the population is shifting from rural to urban locations within the State. While quite serious social, economic and governmental dislocations always result from this type of shifting, they are especially critical in Arkansas partly because of the magnitude of the movement and partly because migration is more difficult for poor and unskilled people. The overall population shift is unquestionably favorable to adjusting the economic balance of the State and provides developmental opportunities, but it also creates serious social and economic problems. Selective out-migration of working age groups leaves the State burdened with higher than average proportions of nonproductive young and old, presenting problems that would be difficult for even average income areas to solve. The more recent rural-to-urban population shift within the State only enlarges the dimension of the problem for many counties.

Unemployment rates among those desiring to actively participate in the labor market have been on the average higher in Arkansas than the United States rate for every year of record in the post war period.

Just as critical, if not more so, is the higher level of underemployment. Recent estimates of the difficult to calculate underemployment rates were alarming even to those who were aware that the problem was substantial. A study released by the Industrial Research and Extension Center in December, 1968 showed that underemployment was approximately 16 percent of the total labor force.

The industrial structure of employment in Arkansas differs significantly from that of the Nation. The major differences come in employment in agriculture, in lumber, and in the food processing industries. In Arkansas agriculture accounts for almost nine percent of total employment while in the United States the share is about five percent. In addition to the above, the employment structure within the manufacturing sector is badly skewed toward labor intensive, low skill, and low wage industry. This structure in terms of both percentages and wage rates is shown in the table on the following page.

AVERAGE HOURLY EARNINGS AND PERCENT OF TOTAL MANUFACTURING EMPLOYMENT BY MAJOR INDUSTRY GROUPS, UNITED STATES AND ARKANSAS, 1969

	Average hourly earnings, 1969			Percent of total manufacturing employment 1969	
	Arkansas	United States	Arkansas as percent of United States	Arkansas	United States
All manufacturing	$2.33	$3.19	73	100.0	100.0
Durable goods	2.27	3.38	67	52.3	59.0
Lumber and wood products, except furniture	2.09	2.73	77	13.3	3.0
Furniture and fixtures	2.15	2.62	82	7.4	2.4
Primary metal industries	2.85	3.79	75	2.8	6.7
Fabricated metal products	2.46	3.34	74	4.2	7.2
Machinery, except electrical	2.42	3.58	68	3.3	10.0
Electrical machinery	2.35	3.09	76	9.2	10.1
Nondurable goods	2.40	2.91	82	47.7	41.0
Food and kindred products	2.03	2.95	69	14.8	8.9
Apparel and finished products	1.93	2.31	84	9.0	7.0
Paper and allied products	3.38	3.24	104	5.1	3.6
Printing, publishing and allied products	2.78	3.69	75	3.9	5.4
Chemicals and allied products	3.18	3.47	92	3.3	5.2
Rubber and miscellaneous plastics	3.13	3.07	102	3.1	2.9

Sources: Derived from Arkansas Employment Security Division, Current Employment Developments, February 1969 through January 1970 (Little Rock); and U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings, April 1969 through March 1970. (Washington: Government Printing Office.)

TOTAL POPULATION, ARKANSAS, 1960 AND 1970, URBAN AND RURAL AND PERCENT CHANGE FOR EACH CATEGORY

	1960		1970		Percent change 1960–70
	Number	Percent of total	Number	Percent of total	
Total	1,786,272	100.0	1,923,295	100.0	7.7
Urban	765,303	42.8	960,965	49.9	25.5
Rural	1,020,969	57.2	962,430	50.0	−5.8

Source: U.S. Department of Commerce Bureau of the Census.

While industry structure in Arkansas is not unlike other developing areas, it does affect the ability of the State to achieve a gap-closing economic growth rate. If progress is to be made in the future, the State must successfully emphasize the growth of new industries having higher growth rates, skill requirements and wage levels. In addition, the State must also emphasize efforts that contribute to the growth of existing industries, as well as to the improvement of a business climate conducive to the formation of new enterprises.

Arkansas is moving to expand and improve the educational capacity of the State. The planning provides for development at all levels of the educational system and will result in an increase in the quality, numbers and variety of occupational preparation forthcoming from the educational system. In the immediate future, however, difficult problems of supply and demand will exist. To illustrate the problems facing this educational development effort; as of 1967, 11.9 percent of the State's population 25 years of age or older had less than a fifth grade education, and 14.8 had less than an eighth grade education. This compares with 6.1 percent and 10.2 percent, respectively, for the Nation, and largely explains why so few in the labor market have the marketable trades or skills needed by more complicated industrial processes, and why it is hard to find persons with a background upon which further training can be given to enable them to assume higher level positions in supervision and management.

The dimensions of Arkansas' poverty are reflected when one notes that as of February, 1971, 50 of Arkansas' 75 counties representing 48.8 percent of the population, were designated by the Economic Development Administration, U.S. Department of Commerce, as being economically distressed. Further, based on 1967 Census Bureau data and IREC estimates, 34.4 percent of Arkansas' families had an annual income of less than $3,000 and 55.2 percent had less than $5,000 annual family income during 1967. While the situation has improved somewhat since 1967, the average family income in Arkansas is still only about two-thirds that of the rest of the Nation.

The 1969 per capita income of Arkansas, in terms of current dollars was reported by the U.S. Department of Commerce in August of 1970 as being $2,488 or 67.5 percent of the Nation's per capita income of $3,687. In fact, the per capita income gap has widened in the last ten years—it has grown by 352 dollars or 41.6 percent.

PER CAPITA INCOME FOR THE UNITED STATES AND ARKANSAS, 1960 AND 1969 [1]

	1960	1969	Percent change
United States	$2,219	$3,689	66.2
Arkansas	1,372	2,488	81.3
Gap	847	1,199	41.6

[1] Current dollars.

Source: U.S. Department of Commerce, Survey of Current Business, August 1970, p. 35.

Recognizing the inability of vast areas of our great nation to provide an average life for those persons living in these regions, the Congress of the United States passed in 1965 the Public Works and Economic Development Act (PL89–136), which provided for the establishment of the Economic Development Administration, economic development districts, and regional commissions. This legislation has inspired many states to establish comprehensive economic planning and development programs. Many states, such as Arkansas, that were in the underdeveloped category had already made substantial efforts toward establishing economic development programs, but generally, state and local governments were unable to do all that is necessary to overcome their problems. In addition some of the difficulties actually are interstate problems, in that the economic depression extends across state lines and is difficult if not impossible for one state to solve alone. The problems and concerns in one state may well be identical with those in adjacent areas of another state.

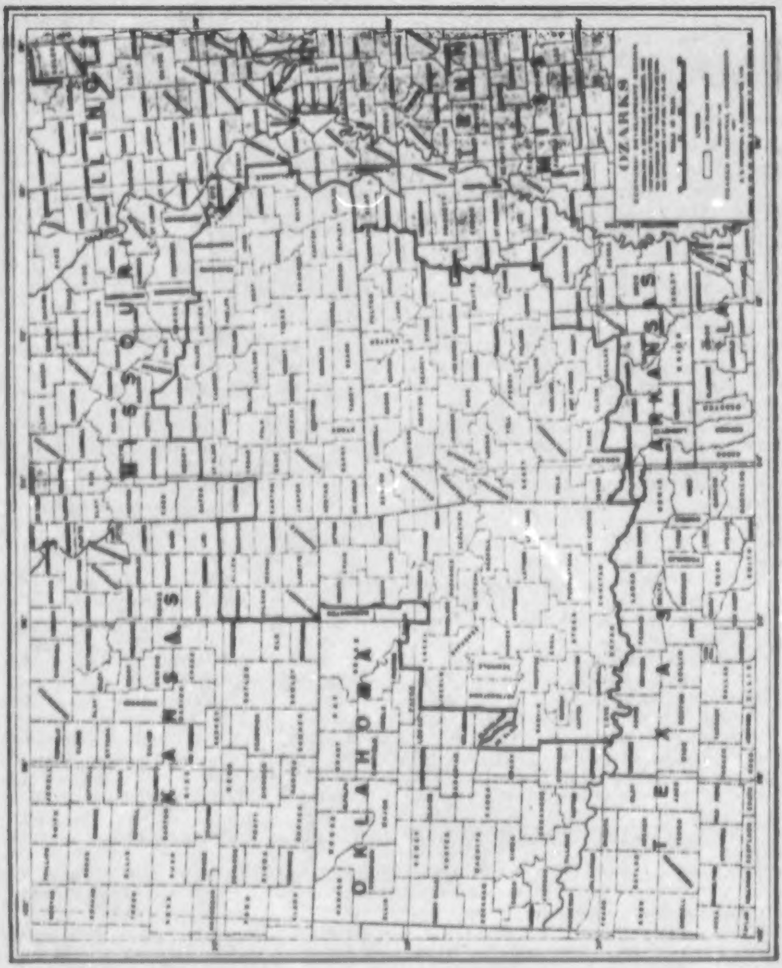
Arkansas has 44 counties that are in the area designated as the Ozarks Region, which also includes parts of Kansas, Missouri, and Oklahoma. Problems common to this entire area are:

(1) Low incomes.
(2) High rate of out-migration.
(3) Low growth rates.
(4) High concentration of industry that utilizes a low level of labor skills.
(5) High level of underdevelopment and underutilization of labor.
(6) Apparent inability to take advantage of new technology.

In 1960 the Arkansas counties in the Ozarks Region had a per capita income of $1,487 as compared to the per capita income for the nation of $2,219, or stated more precisely the Arkansas portion of the Ozarks Region had a per capita income that was $732, or 33 percent, less than that of the nation's. In 1969 the per capita income of the Ozark's portion of the State was $2,844 as contrasted to $3,687 for the Nation or 77.1 percent of the Nation's per capita income. In terms of current dollars the gap between the national and the Arkansas Ozarks counties had widened by 15.1 percent or $111.

Investigation of the situation in the various states in the Ozarks Region discloses that a very similar condition exists in all of them.

Each state in the region was asked to prepare a development plan for its subarea. These various plans were then consolidated to form a total plan for the Region. The Arkansas plan for development is shown in the summary of *Arkansas' Strategy for Ozarks Development* on the following page.


OZARKS
ILLINOIS
MISSOURI
KANSAS
OKLAHOMA
ARKANSAS
TEXAS
LA.

This plan emphasizes the need to concentrate on the goal of raising per capita income by accelerating economic growth, or closing the income gap. In Arkansas, it is well recognized that selective public investment is necessary in order to stimulate private enterprise to make investments that will permanently raise the average income. In fact nothing of a truly permanent nature in economic development occurs until private firms take action.

SUMMARY

Arkansas's recommendation to the Ozarks Regional Commission is to concentrate on the goal of raising per capita income by accelerating economic growth. By closing the income gap between average incomes in the Region and in the Nation, the Commission will be helping to raise tax revenues. More revenues will make our people more self supporting nationally and will improve their ability to support education, health and other public services locally.

The strategy of economic development is quite different from the strategy of providing poverty relief or of subsidizing public works and services. Economic development is a process of changing productive arrangements in an area so as to raise average incomes. In a private market economy the decisions of private business and of individuals must be influenced in order to raise production and productivity.

The limited public funds available for development purposes requires selectivity in public expenditures. The easier, wishful thinking approach is to increase all types of spending uniformly in the hopes that private investment will be encouraged. The more difficult but more effective direct approach is to identify income-generating opportunities and then encourage private investment to realize these opportunities. Public expenditures should aim to encourage expansion by the base industries, those that are rapidly growing nationally, and those that exploit new technology and create new products.

A regional action planning program for economic development requires clear organization and separation of functions. The Commission should provide leadership and not get bogged down in administration. It should request congressional appropriations aimed solely at raising the productivity of the private economy. More Federal funds for public works and all manner of existing programs should be sought and coordinated by the Federal Co-Chairman; and Federal grant applications should be handled by the new planning staffs of the multi-county "economic development districts."

New types of action programs are required by this strategy, and this report provides a list of project proposals to serve as examples and stimulate thinking. These projects emphasize four main areas of development: (1) Industrial development, especially manufacturing; (2) Service industry development, including tourist industries; (3) Human resources development—industry-related training; and (4) Institutional development—improved enterprise, research and planning.

The five-year total of $200 million in Federal expenditures suggested by this sample program is both more modest and more realistic than previously designed government development programs.

I would favor the division of each entire state into economic development districts, such as has been done in Arkansas. Preferably this division would be accomplished by the state planning agency with the assistance of the governor's office and with the consent and knowledge of state legislators. The state legislators and the governors are charged with lawmaking, and with the administration of state laws respectively. These duly elected state officials are responsible to the people, and they will know the attitudes of their constituents toward other counties and towns. The district organization will have many of the responsibilities of a local governmental unit, and must depend upon local political and business leaders for their success. Therefore, the districts should be formed and established in line with carefully selected criteria, which may reasonably be expected to minimize inter-agency conflicts of interest and to encourage local leaders to work together toward their common economic and social goals.

The districts should not be limited to areas of economic distress, nor should they ordinarily encompass an entire state. Preferably each district should have at least one urban area that has a high potential for economic growth. Such a center would enable many persons to find and hold employment without leaving their homes if the growth center is a reasonable distance from their homes.

The "growth center" would be a city having many of the services not generally available in smaller towns. Most likely it would be a center of local government, and medical services, and would in many cases be an educational center.

In states that are largely rural in nature, most of the growth centers would be small cities. However, in most states they should also include metropolitan centers. For example in Arkansas, the Little Rock standard metropolitan statistical area is the growth center for the Central District, Pine Bluff is the standard metropolitan statistical area in the Southeast District, and Fort Smith in the Western District.

The districts have been playing a coordinative and planning role, with implementation being carried out largely by local governmental units. In most cases, the most vital role the district organization can play is advisory and facilitative, since they are not political entities directly responsible to the people.

Economic development districts can provide professional guidance to local governmental units, and serve as a liaison agency between the districts' local governments and federal and state agencies.

The district staff should maintain close working relationships with the adjoining districts, so that development problems common to all of them may be solved more easily. Whenever possible, it would be desirable to centralize all district-wide development planning functions in the district offices. However, other multi-county organizations sometimes pre-exist the establishment of the districts; and if consolidation is unfeasible, the district executive must establish communication with the other organizations for the purpose of informing one another of plans and activities so that duplication may be minimized.

It would also seem that each state should establish an economic development and planning agency, or agencies, with responsibilities for the various aspects of statewide planning. Whether or not this organization should report directly to the governor is dependent upon the constitution, laws, and wishes of each state. Such an agency can be effective, depending upon its primary mission and its authority and responsibilities, not just on its place in the governmental structure.

For example, each state should develop a state public investment plan in conjunction with the planning and economic development districts. Thus, a cohesive program can be laid out with an agreed-upon priority scheme, and when federal funds become available they can be allocated on the basis established. Certainly, the list of items must be periodically re-examined to insure its relevancy to current needs.

In some states the agency allocating the funds could be an existing agency such as a planning commission, or the governor's office, or a newly constituted body whose major responsibility would be to pass upon the desirability of various requests.

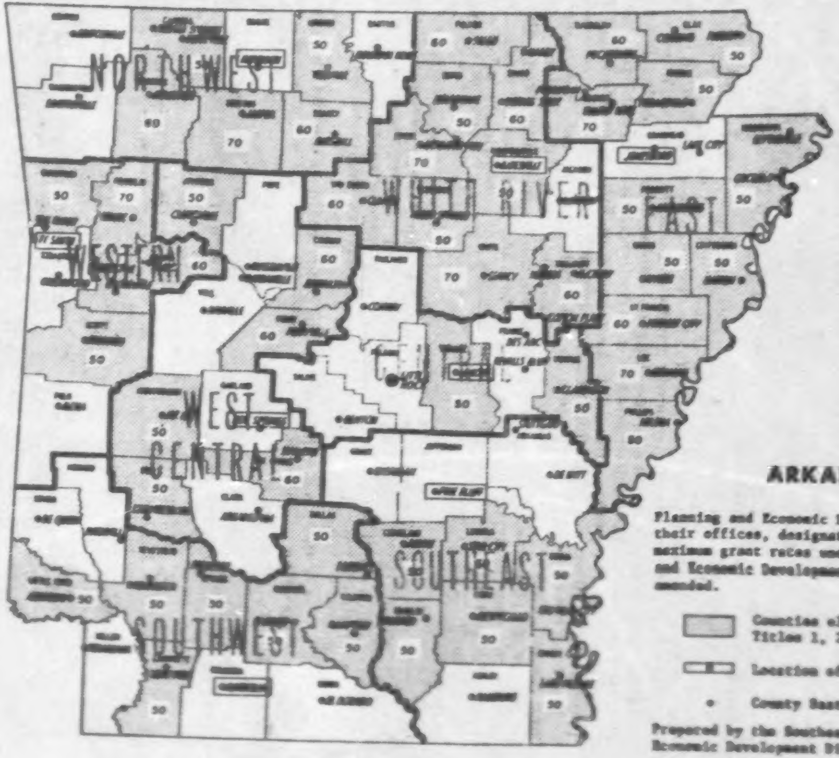
Planning agencies in the various states are now engaged in a variety of planning efforts. Among them they are preparing plans for the Departments of Housing and Urban Development, Transportation, Health, Education, and Welfare, as well as the Department of Commerce. If one agency within the state is charged with an overall responsibility for fiscal and sound economic planning, there should be an economizing of effort and a minimum of duplication of data gathering and administrative costs.

The State Planning Agency is or would be a facilitative and coordinative agency. It would assist local governmental units in obtaining funding for locally (district) initiated projects, and would also provide requested professional advice whenever possible. This agency would not have program operating functions such as ordinary line agencies, but would assist districts and communities in obtaining assistance from the line agencies.

The planning agency could also serve as a channel through which federal agencies could communicate with district and local units of government.

Previously, it has been indicated that it would be desirable for the districts and their constituent communities to formulate development plans for each of the districts, and then these could be aggregated to form a part of total state plans, which would not be the responsibility of the individual districts. For example, plans dealing with statewide and interstate problems—environmental, navigation, transportation and highways or education—must be coordinated at the state level.

Although conformity of a project or program to a state plan would assist the federal agencies in deciding upon the allocation of funds, a requirement of ab-


NORTHWEST
WHITE RIVER
EAST
WESTERN
CENTRAL
WEST CENTRAL
SOUTHWEST
SOUTHEAST

ARKANSAS

Planning and Economic Development Districts their offices, designated counties, and maximum grant rates under the Public Works and Economic Development Act of 1965, as amended.

▨	Counties eligible under Titles 1, 2, 3 & 4
▭	Location of District Office
•	County Seats

Prepared by the Southeast Arkansas
Economic Development District, Inc.

Printed by West Central PED - February 1, 1971 solute conformance before federal assistance is granted may be viewed by some persons as undesirable.

It has always been our opinion that multi-county organizations are the key to effective participation of local communities and counties in both the planning and implementation of development for their areas. In Arkansas, eight economic development and planning districts have been established. Each of the districts has been staffed with persons having professional capabilities, and they have been engaged in formulating district development plans, and in the implementation of these plans. They have also been involved in preparing specific grant proposals which have been submitted to the EDA and to various other federal agencies.

It is extremely important to have these districts established and that they be properly representative of the people in the district. This is accomplished by making the chief administrative officers of the various counties and cities members of the district governing board. It was clearly demonstrated in the time of ARA that purely voluntary organizations without professional staff cannot do the job required.

The interest of all concerned is best served if each district is as homogeneous as possible; and the district staff must be sufficiently competent to be competitive with all other districts in attracting and developing new industries and action programs.

ECONOMIC DEVELOPMENT DISTRICTS OF ARKANSAS

W. O. Dunaway, director, Central Arkansas EDD, 103 West Front Street, Post Office Box 187, Lonoke, Ark. 72086. Telephone FR 4-4669.

Max McElmurry, director, White River Planning and Development District, Post Office Box 1010, Batesville, Ark. 72501. Telephone 793-5233.

Henry P. Jones, III, director, East Arkansas Planning and Development District, Inc., Post Office Box 1403, Jonesboro, Ark. 72401. Telephone 932-3957.

Donald R. Raney, director, Northwest Arkansas EDD, Post Office Box 668, Harrison, Ark. 72601. Telephone 365-5404.

Paul D. Bates, director, Southeast Arkansas EDD, Post Office Box 6806, Pine Bluff, Ark. 71601. Telephone 536-1971.

Ernest Whitelaw, director, Southwest Arkansas Planning & Development District, Post Office Box 767, Magnolia, Ark. 71753. Telephone 234-4030.

Ray Taylor, director, West Central Arkansas Planning & Development District, Post Office Box 773, Hot Springs, Ark. 71901. Telephone NA 4-2508.

Lon Hardin, director, Western Arkansas Planning & Development District, Inc., 510 North Greenwood Avenue, Fort Smith, Ark. 72901. Telephone SU 5-2651.

To assure stability of this structure, the State of Arkansas' General Assembly passed Act 118 in 1969 that provides some funding for each of the districts. This avoids making the districts wholly dependent upon local and federal funds for administrative budgets.

Our state has also expanded the role of the State Planning Commission, with the intent of providing additional professional assistance to the districts, as well as to serve the governor, the regional commission, and federal agencies as a source of information and funding strategy for a grant variety of programs.

In 1955, well before the advent of economic planning and development on today's comprehensive conceptual basis, our state created and established an Industrial Development Commission. It is charged with both promoting and implementing expansion of production and employment on a statewide basis. Its success is a well-known story and does not need any embellishment at this time. Moreover its consistent accomplishments have been achieved without any direct funding other than state appropriations.

Our experience and research leads us to conclude that the great bulk of the Arkansas counties not now in the Ozarks Region and parts of several of our neighboring states have needs as great or greater than those of other portions of our country now included in the existing established regions. For example, the Arkansas counties in the White River and Southeastern Economic Development Districts are in a most serious plight. The majority of the counties have experienced continuing population loss. Although many of their towns have grown rapidly, they are experiencing critical "urban" problems that are new to them. The per capita income of these two areas is low, $2,197, which is below the Nation's per capita income by $1,400.

Ours is not an extensive operating history, but it does show that the presently established system will work; and obviously all of the development machinery is not as "well oiled" as it can be in the future. For example the last economic development district in Arkansas was not established and funded until November 15, 1969; the first was established and funded June 13, 1967. Certainly the record is remarkable when one looks at it in proper perspective. The following table of public works programs is only illustrative of the many accomplishments.

TYPES OF PROJECTS APPROVED IN ARKANSAS FOR GRANT UNDER PUBLIC LAW 89-136

Type	Fiscal year					
	[1] 1971	1970	1969	1968	1967	1966
Vocational technical school	1	1	1		1	1
Industrial park	1		2	2		
Water system extension	1	1	3	4	1	
Water impoundment					1	
Gas system	1					
Convention center and community building	1					2
Hospital expansion					3	
Water tanks and distribution	1	1		1	1	
Water system and sewer		3	4	1	3	5
Sewer			1	1	1	3
Road		1				
Downtown				1		
Industrial park, R.R. spur and water		2	1	1	4	2
R.R. spur to industrial park			1		1	
Day care center		1				
Water line		1			1	1
Industrial park study		1				
Port study		1	1	1		
Folk center			1			
Research center		1	1			
Hospital extension			1			
Business development		1	1			
Health and education complex			1			
Sewage pump station			1	1		
Waste treatment plant			1	2	2	4
Technical library				1		

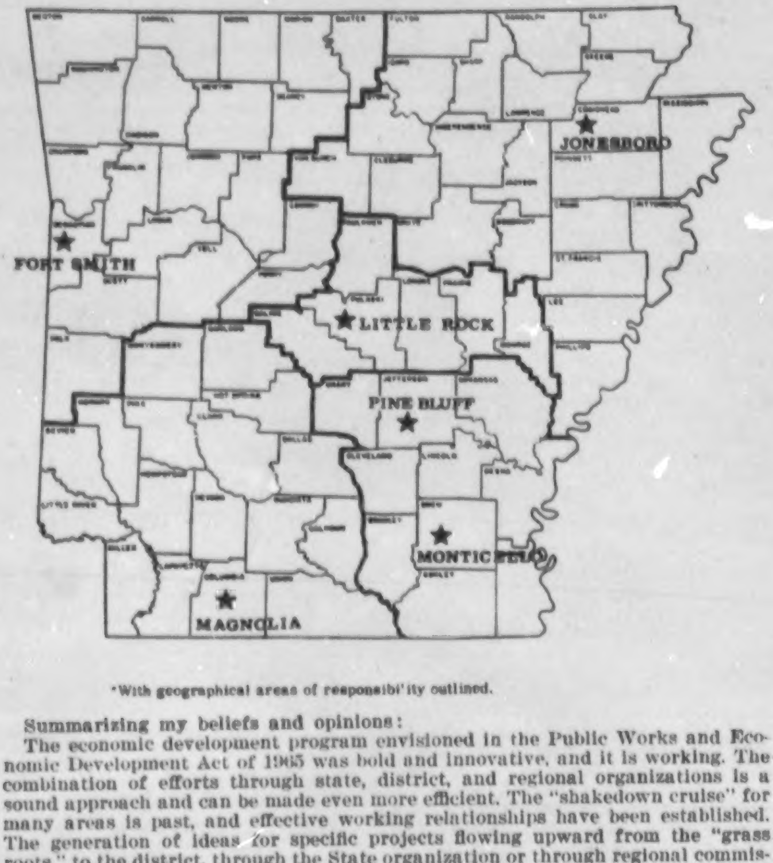
[1] Partial.

An area of economic development need that offers great benefit opportunities is further emphasis on the technical assistance aspect of the present program, especially technical assistane that is made available directly to business organizations. The EDA has established economic development centers in association with various universities. These centers have designed and conducted a variety of programs; most of them have provided research and technical information, feasibility studies, business advisory services, and educational programs. In Arkansas, the organization which I direct, the Industrial Research and Extension Center, has provided such services to many enterprises throughout the state; and also to local public agencies including the planning and development districts.

The IREC University Center Program seeks to create economic growth impetus by offering a broad-based program of managerial training and technical assistance dealing with the total spectrum of needs and demands of business, commerce and industry. In conducting these activities, the IREC utilizes a variety of talents representing the several professional disciplines needed to provide a broad and competent service. This service is designed to enable the businessmen to increase productivity, improve their products, properly utilize the facilities and personnel available to them, and to generally help them to survive and grow in a competitive environment. This growth and stability will reflect itself in increased income and employment for the state as a whole.

Nevertheless, the technical assistance activities are not as well funded nor as comprehensive as they should be. Much more emphasis is needed upon the utilization of expertise already available within the region, so that more talent well versed in socio-economic development and planning can become an active part of the permanent inventory of human resource skills. Public agencies themselves have often not utilized technical skills of the personnel at universities, colleges, other public institutions, and private firms to the extent that would have been possible. And small businessmen in particular must receive more adequate training and specialized assistance if they are to remain a viable segment of our economic resources.

IREC FIELD OFFICE LOCATIONS*



*With geographical areas of responsibility outlined.

Summarizing my beliefs and opinions:

The economic development program envisioned in the Public Works and Economic Development Act of 1965 was bold and innovative, and it is working. The combination of efforts through state, district, and regional organizations is a sound approach and can be made even more efficient. The "shakedown cruise" for many areas is past, and effective working relationships have been established. The generation of ideas for specific projects flowing upward from the "grass roots," to the district, through the State organization or through regional commissions to the federal government is working. Teams of experts have been put together on the local, district, state, regional and federal levels, which understand and can implement the existing programs. The programs work because they are largely self-determined at the local level. It would be most harmful, and uneconomic for the overall organizational pattern to be disrupted at this time. It is my hope that this Senate Subcommittee will recommend continuation of the existing structures with an increase in the level of funding. Thank you very much for inviting me to appear before you.

STATE OF CALIFORNIA,
Sacramento, Calif., June 9, 1971.

Hon. HUBERT H. HUMPHREY,
Committee on Agriculture and Forestry,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: Thank you for your letter of April 30.

I was pleased to learn of the deep concern of Congress for the revitalization and development of rural areas. While California's problems in this area are somewhat different than those of other states, they approximate those of the nation as a whole, including but not limited to:

Shrinking rural job opportunities,
Inequitable education opportunity,
Flight to the cities,
Difficulty in delivering public services, social services, manpower training, health care, etc.,
Difficulty in funding such services from local revenues, etc.

Whether or not the solutions to these problems lie in more planning and policy formulation at the national, state, or local level is a debatable subject.

When your committee comes up with a proposal, I would be pleased to study it and make comment on it from the point of view of a governor.

Sincerely,

RONALD REAGAN, *Governor.*

STATE OF CONNECTICUT,
Hartford, Conn., May 19, 1971.

Hon. HUBERT H. HUMPHREY,
Chairman, Rural Development Subcommittee,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: I am happy to respond to your request for information in the area of rural development. I am convinced of the importance of establishing a sound balance between rural and urban sectors of our country. Over-emphasis on the problems of one or neglect of the needs of the other will have equally unfortunate results.

I believe that the primary problem which is faced by rural America is that of maintaining a viable economic structure. Our small towns and sparsely settled counties are finding it difficult to compete with the big cities and population centers in the quantity and quality of industry, the facilities which make industry possible and the modern conveniences and amenities which make city life comparatively attractive, particularly to the young people who represent the future of rural America.

The impact on our urban centers of this disparity in employment and salary opportunities, in educational facilities and social amenities has been staggering on a national scale. The influx of disadvantaged rural people into our metropolitan areas has been especially serious, resulting in the addition of tens of thousands to our welfare roles in Connecticut alone.

I would definitely subscribe to the need for a soundly conceived and developed growth policy for the nation as a whole. It should be a program which is comprehensive in nature and which aims at providing an opportunity for all citizens to earn a living, to raise a family and to maintain an independent way of life in their communities. The exodus to the cities, in my opinion, has brought grief, heartache and disillusionment to those who have come in search of a better way of life.

In Connecticut we do not have a rural problem of the scope which occurs in other areas of the country. Since we are a relatively compact state of approximately 5,000 square miles, no rural area is very far from a large or medium-sized town or city. Thus, most people who live in the more rural sections of the state can commute to theese centers fo rwork, study or other purposes without the necessity of pulling up roots to migrate to a larger city. However, the proximity of Connecticut to rural areas of other states results in an influx of these people to our state.

Our planning for economic development in Connecticut is fairly well integrated with equal stress on proper growth of small towns as well as either urban and suburban neighbors. We have utilized all applicable federal programs in such areas as housing, sewer and water facilities, education, open space and recreation, and community development.

We will be pleased to cooperate in your plans for a regional public hearing by the Rural Development Subcommittee should you choose to hold such a meeting in this area.

Sincerely,

TOM MESKILL, *Governor.*

STATE OF GEORGIA,
Atlanta, Ga., May 25, 1971.

Senator HUBERT H. HUMPHREY,
Commitee on Agriculture and Forestry,
Washington, D.C.

DEAR SENATOR HUMPHREY: I am pleased that you have been appointed Chairman of the Rural Development Subcommittee of the Senate Committee on Agriculture and Forestry. I am hopeful that great progress will be made under your leadership in determining the needs of rural Americans, and in formulating programs that will move us closer to an optimum balance between the rural and urban sectors of the nation.

The six questions you asked me to comment on are good ones, and I shall respond briefly to each point.

1. PROBLEMS OF RURAL AMERICA

Some of the more apparent problems of rural communities in Georgia are a shortage of nonfarm employment opportunities; underemployment; low incomes; low tax revenues for needed public services; poor housing; inadequate medical services; and a general decline in economic well-being relative to the nation.

Ironically, most of these problems stem from gains in efficiency in agriculture and forestry—long the basic industries of rural America. The benefits of mechanization and of improved production and marketing practices have been passed on largely to the consuming public rather than to the rural communities where they were created. Many rural communities have been unable to provide adequate nonfarm employment opportunities to offset declining employment in agriculture. During this transition period, many rural governments have gradually become unable to provide the public services needed for revitalization.

2. IMPACT ON URBAN AMERICA

The migration from rural to urban areas has created large labor supplies in the urban centers. Manufacturing and other types of employment have been stimulated, resulting in a snowballing effect leading to further economic and population gains. But in spite of high rates of growth in the private sectors, urban governments have experienced increasing difficulties in meeting public needs. Large concentrations of people create major problems in transportation, water supplies, waste disposal, educational services, law enforcement, public welfare, and environmental pollution. Moreover, many rural migrants to the cities have been unable to find suitable employment because of inadequate training or skills.

3. NEED FOR A NATIONAL GROWTH POLICY

There is a need for a national growth policy to achieve a better balance between the rural and urban sectors of the nation. In addition to national defense implications, large concentrations of people tend to make the nation more vulnerable to production shutdowns, power blackouts, riots, and other domestic disturbances. Per capita costs of public services inevitably are driven up in areas where people are concentrated. At the same time resources in rural areas become idle or underemployed.

4. EXPERIENCE DEALING WITH FEDERAL PROGRAMS

Most rural programs of the past have helped rural communities but were inadequate in relation to the magnitude or scope of the problems involved. For example, federal farm programs have helped to stabilize income in rural areas, but did little to stimulate nonfarm employment opportunities which is a basic need of most rural areas.

5. STATE EFFORTS TO DEVELOP RURAL AREAS

Many state-supported programs have helped rural communities in Georgia but generally their overall impact has been too small to solve the underlying problems. For example, the State Department of Agriculture, the Cooperative Extension Service, and the College of Agriculture have stimulated major improvements in agriculture. But the problems of rural areas generally extend beyond technical and regulatory functions.

6. PLANNING FOR ECONOMIC DEVELOPMENT

Georgia is making great progress in economic development planning. At the local level, 19 area planning and development commissions have been established with grassroots leadership and financial support. At the state level, the Georgia Bureau of State Planning and Community Affairs was recently strengthened and positive steps are being taken to enable it to have a major impact on the economic development of the state. We are attempting to make government more efficient and responsive to the needs of the state through a major program of governmental reorganization—the first in many years. We have also launched a statewide program to develop "Goals for Georgia" which will give us insights and policy guidance in establishing development priorities. Also, the state's major universities are working closely with state government and local development groups on many types of economic and governmental problems.

Although we are optimistic about these efforts, we are aware that the states alone have limited power to correct problems that are national in scope. We need the support of the federal government on such matters as rural-urban balance.

Thank you for your interest in Georgia. We look forward to working with you in your efforts to find ways to revitalize rural America.

Sincerely,

JIMMY CARTER, *Governor.*

STATE OF HAWAII,
Honolulu, Hawaii, June 10, 1971.

Hon. HUBERT H. HUMPHREY,
Committee on Agriculture and Forestry,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: Thank you for your letter of April 30, 1971, concerning rural development. My comments relate specifically to Hawaii and its rural areas; our Island geography makes our rural problems and opportunities somewhat different from most mainland states.

Our Island of Oahu contains over 80% of the State's population, but has only 9.3% of the geographic area of the State. Our other three counties contain most of the land area but have a small population; thus the Neighbor Islands are generally considered the rural areas of the State. My comments are submitted in the same order as the questions in your letter.

The problems of rural Hawaii can be separated into several areas of concern. A major one is the need for low-cost transportation systems linking the counties to each other, to the mainland, and other countries of the Pacific Basin. This includes air and maritime transportation. We need to get the products of rural Hawaii to the markets at the lowest possible cost and within reasonable time spans.

Tied in with transportation is the problem of developing economic opportunities in our rural areas. So much of it in the past has been dependent on the production of sugar and pineapples, and with increased mechanization, there has been a steady out-migration of young people from our rural areas. The State has vigorously assisted in the development of other economic opportunities for our rural areas. Emphasis has been on diversification of agriculture by the introduction of papaya fruit, macadamia nuts, anthurium flowers, developing markets for these new agricultural products, and developing economic opportunities in nonagricultural areas such as tourism. The Hawaii Agricultural Experiment Station and the Cooperative Extension Service have greatly aided agricultural diversification.

Improving the quality of life in the rural areas has been a major problem and will continue to be a high priority program. Included are such items as education, medical facilities, public utilities, parks, and cultural opportunities. There are also significant sociological factors which impact on the individual's decision to continue living in the rural areas or migrate to the urban centers of our State and Nation.

Income opportunities in rural areas and income distribution are major problems. Most families in the rural areas feel that their income is low compared to the average income for the urban family. How this disparity in incomes may be solved has been a complex problem, though some inroads have been made in terms of organizing farm labor into unions, as has happened in Hawaii and California. In suburbia, one person in 15 is poor; in the cities, one person in 8; but in rural areas, one out of every 4 is poor. Employment-generating industries are needed in rural areas.

Unemployment rates in rural areas are two to three times greater than in urban areas, with few exceptions. Rural farm children complete an average of 3 years less schooling than their urban counterparts. Twice as many people in rural areas per capita die from accidents due to lack of emergency services. Although 27% of the nation rural, only 12% of our physicians and 18% of our pediatricians are available in rural areas.

The 1970 Bureau of the Census statistics show that 43.5% of all American counties lost population between 1960 and 1970. Thus, out-migration to metropolitan areas is a serious drain on the rural areas and adds to congestion of the urban areas. The impact on the urban areas creates serious social problems where the rural immigrants tend to settle in ghettos because of their lack of education, training, and low incomes does not allow them to afford decent housing, adequate medical care, and further training and education.

With an anticipated addition of 100 million persons to the population of the Nation within the next 30 to 50 years the problems of urban America will be compounded to unmanageable scales. These migration patterns should be reversed; rural towns should be encouraged to grow, and the quality of life in rural America must be improved substantially.

With the anticipated increase in population, the serious pollution problems of major urban areas, and the need for better population distribution demand that we develop and carry out a rational national growth policy. Such an effort should have been started at the end of World War II because it requires much time and effort to re-direct a nation's growth patterns. We were pleased to note that bills were introduced in Congress last year and again this year directed at the formulation of a national growth policy. We are hopeful that such legislation may be enacted this year.

Our experience in dealing with Federal programs aimed at the development and improvement of the rural areas of Hawaii has been limited. These have included forestry, soil conservation, irrigation and flood control projects. Perhaps we have not used all the Federal programs that are available for rural development; some are not specifically appropriate for our Island geography. However, I am pleased to state that we are now embarking on a Tri-Isle Conservation and Resource Development project for the County of Maui that offers great promise and includes Federal, State, and County agencies working in coordination with many individuals and groups. The lead agency is the Soil Conservation Service and its SCS districts in Maui County. The County Rural Development Committee and the Cooperative Extension Service were instrumental in starting this project. It is a broad scale effort aimed at improving economic opportunities, providing services, improving the quality of life, and providing capital improvements that are needed in the rural areas.

In addition, we are re-submitting an application to the Economic Development Administration (EDA) for a Tri-County economic development program which includes all of our rural counties. The purpose of this effort is to stimulate the development of the resources and assets of the Neighbor Island counties in order to diversify the economic base of these areas, to achieve optimum settlement patterns, to increase the State's economic development efforts in a manner compatible with the needs of a growing and viable Neighbor Island population and economy, and to stimulate a more evenly balanced level of economic activity throughout the State.

This program is being coordinated by our Tri-County Development and Planning Council, which has undertaken a number of successful cooperative projects on behalf of our more rural counties over the past three years.

We do have several other State programs aimed at the development of our rural areas. We provide farm lot subdivisions on State land; we construct irrigation systems, water systems, roads, schools, and hospitals; we have a farm loan program and a small business loan program supported by State funds. We are diversifying the economic base by encouraging new resort areas to be built in rural areas, diversifying the agricultural products through research and extension and public and private, coordinated marketing and promotion, and now we are embarking on a program to improve the delivery of social services through human resources multi-service centers. The first one will go into operation in a rural model cities area on the Waianae coast of Oahu; another one is beginning operation on the Island of Molokai. We also have a Progressive Neighborhoods Act, which is similar to the Federal Model Cities program, but is aimed at the rural areas of our State. Thus, we hope to overcome some of the problems of rural America which I cited above; at the same time we expect to improve the quality of life in our rural areas.

Our experience in planning the economic development of our State has been excellent. We were the first State to prepare a comprehensive general plan for the development of the State; we developed the first economic model to guide our resource allocation to achieve desired economic goals; we have prepared a State Agricultural Plan; and we have been reasonably successful in diversifying our economy to provide a variety of job opportunities for our people. These include oceanography, tourism, diversified agriculture, science and technology, international trade and services, aquaculture, education, and diversified manufacturing. Our population has been increasing steadily; some people are now concerned that we are growing too rapidly. Most of this growth has occurred on Oahu; very little has occurred in our rural counties. In conclusion, we believe that our economic development programs have been reasonably successful.

I hope these comments will be of help to you in your study of achieving a balanced urban and rural growth policy. We would be pleased if you decide to hold one of your hearings in Hawaii. If we can be of further assistance, please let me know.

Warmest personal regards. May the Almighty be with you and yours always.

Sincerely,

JOHN A. BURNS, *Governor.*

STATE OF ILLINOIS,
OFFICE OF THE GOVERNOR,
Springfield, Ill., May 27, 1971.

Hon. HUBERT H. HUMPHREY,
Chairman, Rural Development Subcommittee,
U.S. Senate, Washington, D.C.

DEAR SENATER HUMPHREY: Thank you for your letter of April 30 regarding the activities of your Rural Development Subcommittee.

I am enclosing a copy of my statement before the President's Rural Affairs Council which outlines my views on rural development and which covers the questions you have asked. I hope this is of assistance to you.

Very truly yours,

RICHARD B. OGILVIE, *Governor.*

(The statement is as follows:)

STATEMENT BY RICHARD B. OGILVIE

As host Governor for this working session, I welcome you to Illinois. I am very pleased you have chosen to come out to the "grass roots," so to speak, to discuss what is happening in our rural areas. Your presence lends credibility to the President's "New Federalism" program—a program which, in the President's words, channels "power, funds, and authority . . . to those governments that are closest to the people."

It is also fitting that you have chosen Illinois for this meeting. We are a distinct State in that not only are we a leading industrial state but our economy is heavily dependent upon agriculture. We are the transportation center of the country. We have become the leading export state, exporting one out of every four acres farmed in Illinois. But we recognize that the full resources of all levels of government must be brought to bear on the problem facing all of us—population maldistribution.

What is happening can be boiled down to these basic terms.

The mainstreams of our economy and society are converging at an increasing rate to form giant metropolitan concentrations. This has two results. One—the loss of population and the de-activation of the small town and the countryside—what might be called rural America. The other consequence is the proliferation and magnification of a whole host of adjustment problems in and around our central cities—often called the "urban crisis," for lack of a more precise definition.

We have experienced the most massive migration the world has ever known—the movement of people from country to city. The implications are staggering. It is important to our national welfare that we analyze very carefully the consequences of a blind pursuit of an unbalanced urban sprawl.

But I am not here to recite to you the basic problem we all face. You are only too familiar with what has occurred. I would like to indicate what steps we in Illinois have already taken in the development of a rural strategy. In the process I will indicate problem areas which confront us, including those with the federal government. Finally, I will chart our proposed course of action. My staff will file with you a more comprehensive statement which details our programs in the near future.

Basically we have determined that the most promising strategy to promote the development of our rural areas is to bring the advantages and opportunities of urban life to our non-metropolitan areas. Of course for a long time we have been doing the opposite—encouraging the movement of people to the opportunities through migration. Now we must implement the reverse and consider how to bring *opportunity* to the *people* in our rural areas. We must carefully ascertain where population growth should occur. Obviously we cannot expect the migrational flow to reverse itself unless there is light at the end of the tunnel. There must be incentives to return to the country, incentives which relate to positive advantages rather than merely a desire to escape the problems of the central cities.

Briefly I would like to review what we have accomplished here in Illinois. I cite this record not so much out of pride—though I would admit to a measure of that—but as to demonstrate what can be done in a large, industrial state which is still heavily dependent on a flourishing agricultural economy.

We have embarked on a road program of unprecedented magnitude, concentrating especially on road improvement as well as new construction in our rural-oriented downstate communities. People will not return to the country or even stay there unless adequate surface transportation is provided.

We are not, however, neglecting other forms of transportation. We are planning a major upgrading of airports which serve many of our moderate-sized rural communities. I am convinced that a major allocation of state resources toward aidport improvements will have a tremendous economic impact upon large rural areas.

In the field of education we are emphasizing, and supporting with a heavy financial investment, the development of junior colleges with significant vocational education programs. These programs will enable non-metropolitan residents to learn the job skills which will be required if we are to be successful in promoting industrial development in our rural areas. If we offer the proper incentives, I believe it is most realistic to talk in terms of industrial relocation.

Next Tuesday the citizens of this state will be asked to approve a $750 million anti-pollution bond issue authorized by our legislature. If approved, this will permit the state of pay 25 per cent of all costs of improving sewage treatment in every Illinois county during the next decade. More than 500 projects have already been earmarked for funds. If approval is not obtained, these required sewage treatment projects will have to be financed with local property taxes, clearly a most undesirable alternative. Improvement of our local water and sewer facilities is by far the most pressing need facing our many small municipalities throughout the State.

We have not neglected direct financial assistance to general purpose units of local government. One-twelfth of the proceeds of our new state income tax are distributed to municipalities and counties on a per capita basis with no strings attached. For FY–71 we expect to disburse approximately $84 million under this grant program. Of this amount, $17 million will be distributed to local governments in non-metropolitan areas. These revenues already have been especially helpful to our rural communities as they have promoted a decreased reliance on local property taxes.

Several of our code departments are undertaking varied programs relating to rural development. Their directors are here with me this morning, and are available for questions and discussion.

Our Department of Agriculture has long been a leader in promoting agricultural education. We are very proud of our 4–H and FFA programs. In fact, the newly elected national President of the FFA, Mr. Dan Lehman, is from Pleasant Plains, Illinois.

The Department is working very closely with the State Rural Development Committee, chaired by Dr. Jack Claar, Director of the Extension Service at the University of Illinois. Rural development councils have been created to include all Illinois counties. They are meeting on a regular basis, and have already submitted a work plan to the state committee. The Extension Service has already re-programmed its funds to provide for five additional field specialists for a total of ten to support the local county staff.

This is an illustration of the type of cooperation and assistance which can be provided by the federal government. We are extremely pleased to work with the Extension Service so that we can make the "New Federalism" work.

Our Department of Business and Economic Development has recognized the dire need for proper land use planning throughout the State. The Department has proceeded on the assumption that we have too much fringe development and not enough rural development. In this regard we have already created a statewide data bank to extract hundreds of bits of data about every piece of land in Illinois.

The Department has formed a State Equity Council, designed to provide capital for minority business ventures, especially outside the central city.

In 1970 the Department proceeded with an accelerated port promotion campaign under its Seaport Development Division. Expansion of our export business has greatly enhanced our agricultural economy.

We are actively promoting increased tourism, emphasizing the "New Illinois" program with very favorable results, especially benefiting Southern Illinois. For fiscal year 71 we have appropriated $900,000 for tourism promotion, and an additional $244,000 to encourage the settlement of new industry in the State.

Four years ago our legislature created the Illinois Industrial Development Authority with an appropriation of $1 million. Its purpose is to assist in the development of new industries, again especially in Southern Illinois.

My Office of Human Resources is promoting an emphasis on human resource development in rural areas which intends to complement the more traditional rural programs centering around physical and economic development. Already they have been instrumental in effecting a good working relationship with community action agencies.

Our Department of Local Government Affairs recently has had the opportunity to coordinate a state effort in rebuilding a small downstate community almost decimated by a railroad car explosion. Even though the main street of Crescent City, Illinois, was almost blown off the map, already several of our state agencies have banded together in a coordinated effort to assist in its rebuilding The Mayor has publicly testified that the State has provided and still is providing invaluable assistance. The point is this—we can do the job if we do it together.

I could list many other areas, but suffice it to say that Illinois is heavily committed toward promoting a better balance of resources throughout the entire State.

Before I indicate the future course of our strategies, I would like to mention some of the initiatives which should emanate from the federal level.

I am sure you appreciate the need for a coordination of federal programs affecting rural development. This cannot be done with any degree of accuracy until a national development of growth policy is established. This would involve a stimulation of a network of existing and potential growth centers throughout the nation. It is imperative that Washington develop a sense of unified purpose as well as concerted commitment of its resources.

I am pleased that President Nixon has responded so admirably by creating a Rural Affairs Council. This would appear a major step toward the development of a coherent policy on the national level.

A national policy then could be tied in with a total development program of the State. My office will be available as a coordinating mechanism for this purpose.

We would like to see a larger allocation of federal resources for water and sewer programs. The need is overwhelming. We are responding with our antipollution bond issue. I would hope the federal government would respond in kind.

The Farmers Home Administration has not spent sufficient sums of money for rural housing. The program requirements appear too restrictive, and hence the housing problem in rural areas remains acute.

We are already taking steps to increase the supply of low and moderate income housing. Using the vehicle of the Illinois Housing Development Authority, we have units under construction in urban areas totally financed through a state bonding mechanism.

But we are not neglecting our rural country. For example, yesterday bids were opened and bonds were sold on $4 million of low and moderate income housing in Danville, Illinois, an agricultural community. Other non-metropolitan areas are also being analyzed for a similar investment.

Perhaps you are a little surprised that we have a substantial number of ongoing programs which directly relate to rural development. I do not want to leave the impression, however, that our strategy is well-defined, complete, comprehensive, and that we have an unalterable plan of attack for all problem areas. There is still much to be done, and I would like to list in the briefest fashion our future course of action as well as its underlying principles.

We are studying the feasibility of a Rural Development Cabinet as a coordinating mechanism to cut across departmental lines, with direct involvement of the Governor.

The Department of Agriculture is negotiating for approximately $864,000 from the Rural Resource Development Fund administered by the U.S. Department of Agriculture to aid many facets of rural development.

We are planning a two-day workshop on December 16 and 17 at Starved Rock on rural development, intended to improve communication among all governmental agencies as well as the private sector.

We recognize that we must change parochial attitudes embraced by some rural people. We must sell the concept of planned rural community development.

We must promote the concept of population dispersal in our rural areas.

Rural improvement will not proceed as fast as it should until more trained professional leadership exists at the local level. Our Department of Local Government Affairs has already embarked on an intern program, training qualified college students for future employment in State and local governments. The Department is also creating a Talent Bank of professionals in many functional areas which will be available upon request to the smaller and more rural oriented communities needing expert assistance.

Rural improvement will not succeed without the involvement of the private sector.

We are not in the business of making grandiose promises which cannot be delivered. While we are fortunate in having a lot of state resources, the federal government has pre-empted the tax base to the extent that states are unable to operate effectively with an inadequate financial base. The "New Federalism" requires a realistic revenue sharing program, and I again urge its immediate adoption. (I would *hope* that revenue sharing could be implemented by congressional action. At the same time, I am prepared to vigorously support efforts by the state legislatures to mandate the calling of a constitutional convention to consider revenue sharing.)

And we are prepared to further alter the concentration of our resources in order to promote more balanced growth.

In sum, I believe the argument for decentralization is irresistible. It would be tragic, however, if many more months and years passed before we marshal a broad public consensus toward the reordering of our national and state priorities. Nothing would change the face of America more than an orderly redistribution of our population, ⅔ of which is now jammed into less than 2% of the nation's land area.

I urge that you give credence to President Nixon's commitment to the "New Federalism" by encouraging and assisting us in every way toward the implementation of our common objectives. I assure you—we are prepared to do the job.

COMMONWEALTH OF KENTUCKY,
OFFICE OF THE GOVERNOR,
Frankfort, Ky., July 16, 1971.

Hon. HUBERT H. HUMPHREY,
Chairman, Rural Development Subcommittee, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.

DEAR SENATOR HUMPHREY: In regard to your letter of April 30, 1971, I appreciate your concern pertaining to the views of the State Governors relative to Rural Development.

According to the 1970 census, fifty-two percent of Kentucky's 3,219,311 population is classified as "urban". As is the case with several other states, the urban population is centered in several metropolitan areas thus leaving large rural areas which, for the most part, lack development.

Regarding the particular items of information you requested, I have listed my responses in the order of the questions. Though the questions are asked about rural America, my responses must be based on my Kentucky experience.

(1) The problem of the rural areas is that most rural communities are not economically capable of self-development. Even the Federal Aid Programs are beyond the reach of communities not able to meet the matching funds requirements. The problem has progressed to the point that the causes and effects are now indistinguishable. Most rural communities are plagued by many or all of the following situations: lack of employment opportunities; inadequate health service and facilities; absence of community facilities, such as water and sewers; poor highway access; lack of educational opportunities; inadequate housing; low incomes, etc. These circumstances interact on each other, making it difficult to realize any genuine improvement if an effort is made to overcome any particular one. It appears that the problems of rural America can be remedied only when an effective mechanism for development, including both the private and public sectors of the economy is established and the rural communities become economically able to cope with their own situations.

(2) Urban areas, for some years, have felt the impact of rural problems. Due, to a large extent, to the lack of economic developments, many families, especially the young and middle aged in search of employment, have migrated from rural communities to the urban areas. Many of the migrants have found themselves thrown into the urban labor market without the skills or training necessary to find gainful employment. Large numbers have not found employment, many of those getting jobs have not been able to attain the incomes necessary for sustaining a moderate life style. This situation has obvious adverse effects on the individual and the urban community. The community must bear the cost of education, recreation, and other services while realizing very little revenue increases from those served. The inability of many rural migrants to earn sufficient incomes has forced them to live in substandard housing, thus the urban problems of blight, crime, violence, fire, and public health continue, if not increase.

(3) If our national problems, such as rural and urban development, are to be solved, national goals, objectives, and policies must be established. The geographic, social, and economic diversities of the several regions of the United States would tend to hamper implementation of a national growth policy, unless the policy was given multi-state regional impetus. As you said in your letter, the State Governors are in the best position to be familiar with the rural problems; the same is true of other problems within the States. It would seem important, then, that State Government play a major role in development and implementation of a national growth policy. As you know, the thirteen-state Appalachian Regional Commission blends the inputs of the National, State, and local governments to develop and implement policy and programs. The success we have experienced through ARC tends to make it apparent that Commissions of this nature would be a viable method of developing national growth.

(4) Many rural communities in Kentucky have made use of Federal Assistance programs and have realized various degrees of success. Federal Assistance programs providing partial payment for construction of highways, water and sewer systems, hospitals, schools, and housing as well as the social service

programs have provided some remedy to ailing rural communities. While Federal assistance is available and does provide help to the rural areas, many rural communities are unable to take advantage of it. Most Federal programs, particularly those assisting with facility construction, require that the locality provide a portion of the construction cost in the amount of twenty to fifty percent. Obviously, rural communities do not have the fiscal ability to provide matching funds for a package of these programs. Furthermore, state governments do not have the revenue gathering ability to provide financial assistance in the amount needed in the rural areas. It is more than apparent that, while the categorical matching programs do provide needed assistance, additional support in the form of one hundred percent grants or revenue sharing is necessary to provide genuine assistance to rural America.

(5) Kentucky has been historically a rural-oriented state. Due to this orientation most of the legislation (relative to development) has been established with rural areas in mind. The lack of development in the rural areas has led to several state programs to promote development. Concentrated efforts are being made in the field of industrial promotion and location in rural areas. Kentucky's scenic rural areas have been and will continue to be tourist and recreational areas of national importance. Tourism and recreation and the supporting industries, new employment opportunities are created. We have developed a rigorous promotional program for these areas. In 1968, I created by executive order, the Kentucky Program Development Office. This office provides technical assistance to rural and urban communities in the development of applications for various Federal Assistance programs. A major program for development is the developmental planning program which is discussed in the response to your last question.

(6) 'Planning or the lack of it holds the key to success or failure of development, economic or otherwise. During the past three years, Kentucky has embarked on a developmental training program of major scale. The mechanism for this planning is fifteen Area Development Districts (ADDs). The ADDs are multi-county (ranging from five to seventeen counties) non-profit organizations. They are governed by a board composed of fify-one percent elected officials representing each county and forty-nine percent lay-citizens representing a cross-section of the citizenry. The ADDs are staffed with professional developers and planners. They are the official Regional Planning and Development Agencies of the Commonwealth. The roles of the ADDs include coordination of programs, intergovernmental relations, providing technical assistance to the localities, and regional planning. In addition to Federal funds from the Appalachian Regional Commission, Economic Development Administration, and Housing and Urban Development, the State commits funds to the district for planning purposes. District plans for commercial and industrial development, water and sewer facility development, feasibilities for regional industries, and other particular studies needed by the area are developed. Through the Area Development District concept and a commitment to "Total Development", Kentucky communities, both rural and urban, are experiencing greater economic development and general socio-economic improvement that could be possible by an individual city and county effort.

With the establishment of State Coordinating Commissions in the fields of Health, Transportation, Education, Physical Environmental Resources, and Human Resources, state planning efforts are being coordinat[illegible] The coordinating commissions consist of agency heads of departments relativ[illegible] the particular field and a representation of my office. The Area Developmen[illegible] Districts have standing committees that complement the five coordinating commissions.

I hope that the information contained in this letter will be [illegible] benefit to you and your committee. I have enclosed several publications that [illegible] committees may find useful.

Please do not fail to contact me if further information is required.

Sincerely yours,

LOUIE B. NUNN, *Governor.*

(The enclosure on Area Development Districts is as follows:)

AREA DEVELOPMENT DISTRICTS – CONCEPT, PROCESS, PRODUCT

REGIONALISM

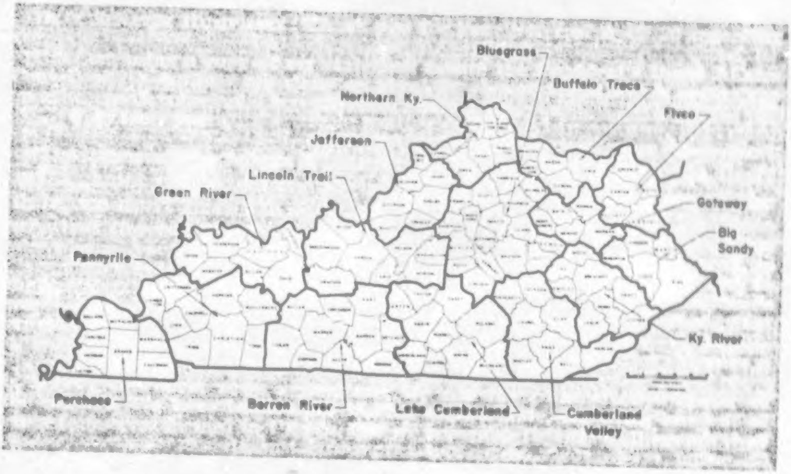
Regionalism is the most meaningful and dynamic movement in local government. It involves communication, cooperation, planning and coordination among national, state and local governments and the private sector on a multi-county basis.

Regionalism provides local governments a practical means of dealing with the challenges which they face. This publication outlines Kentucky's approach to regionalism through its Area Development Districts.

What is an Area Development District (ADD)

Kentucky has been divided into 15 multi-county areas called Area Development Districts (ADDs). The boundaries for each ADD (see map below) were determined through careful study of similar geographic, social and economic characteristics by local and state officials. The Area Development Districts were made official under a Democratic governor and reaffirmed by a subsequent Republican governor indicating the non-partisan support for the ADD approach.

EACH ADD is organized as a non-profit corporation chartered under Kentucky law. They have no legislative or taxing authority. Rather the ADDs serve as the official regional planning and development agencies through which Kentucky communities* can better communicate and act with one another, the state and national government.


Bluegrass
Buffalo Trace
Northern Ky.
Fivco
Jefferson
Lincoln Trail
Green River
Gateway
Big Sandy
Pennyrile
Ky. River
Purchase
Barren River
Lake Cumberland
Cumberland Valley

All state and federal agencies that operate programs on a multi-county level have been directed to use these officially designated boundaries.

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*As used herein, the term community means cities and counties.

How was the Multi-County Approach Developed

The Society in which we live has become increasingly complex. Advances in communications make us more aware of the problems, needs and opportunities around us. Better means of transportation have increased the need for cooperative planning efforts. Increasing population adds continued pressure on our resources—both natural and financial. Federal and state programs designed to aid local governments in alleviating problems have become so difficult to manage that they are often ineffective. In short, we as individuals need a method through which we can better work together in providing decent jobs within a quality environment for the citizens of the Commonwealth. The ADD approach is such a method.

The basic ADD concept is not new. The first formal activity took place in the early 1960s with the Area Redevelopment Act. Enactment of the Appalachian Regional Development Act, Economic Development Act and Housing and Urban Development Act of 1965 furthered the approach until today there are more than 270 multi-county organizations throughout the nation.

As discussed in this publication, Kentucky is refining the basic concept so that all levels of government will be more responsive to local needs. After all, this is the purpose of the state and national governments.

What are the Benefits of the ADD Approach

The ADDs offer Kentuckians a vehicle through which they can have a direct influence on the future of their community through an orderly, planning development process. The benefits of the ADD approach are numerous–

- It provides a forum through which communities can come together to voice their problems and develop means of combining and coordinating efforts to resolve common problems and needs.
- It provides a vehicle for unity in dealing with state and federal agencies.
- It qualifies local government for various forms of federal and state assistance.
- It permits the pooling of resources to achieve what cannot be achieved by individual governments acting alone.
- It strengthens the voice of local government in the expenditure of Federal and State funds.
- It permits competing interests to work out their differences before competition becomes costly conflict.
- It allows the citizen to participate in the decisions that affect him and his family.
- It can help reduce the waste, overlap, and other inefficiencies that often result from unplanned, uncoordinated governmental and private activities.
- It reinforces local decision-making.

What are the Functions of an ADD

The functions of an ADD complement local governments' ability to deal with its needs and supplement state and federal efforts in assisting local governments. These functions are listed below.

- Provide needed technical assistance to local governments

The basic objective of this assistance is to help local governments develop and maintain the capability of effectively managing their affairs.

The ADD offers communities assistance in four different areas to develop this management capability: PLANNING (assistance in developing comprehensive plans for communities, advice concerning subdivision plats, zoning matters, and developmental issues facing communities); PROGRAMMING (assistance in analyzing the resources available to communities and obtaining the necessary funds from various federal and state sources to deal with the needs of communities); BUDGETING (assistance in preparing sound budgets for communities); and SPECIAL REQUESTS (attendance at meetings, special studies).

- Coordinate state and federal efforts to assist communities

The total development of Kentucky's communities depends, in part, on the wise coordination and management of state and federal community assistance programs. The ADD helps bring about this needed coordination by encouraging communication, cooperation, and planning on a multi-county basis and advising and assisting state and federal agencies in charting reasonable courses of action which will bring about acceptable results from limited financial and technical resources.

- Review and coordinate local development proposals

The efficient expenditure of public funds (tax payers dollars) requires that developmental projects which are planned be balanced with available financial and technical resources and that they be coordinated with similar projects in the district for more effective utilization of resources. Through sensible review and coordination of developmental proposals, the ADD helps individual governments save money by bringing about cooperation in the provision of basic services (solid waste disposal, water, sewers) to the residents of the district.

One method the ADD uses to perform this function is the Project Notification and Review System. This coordinating system, required by the United States Office of Management and Budget's Circular A-95, is an effective management tool for local decision-makers.

- Develop a realistic district development strategy and utilize it in shaping a five-year development plan and a one-year action program for the district

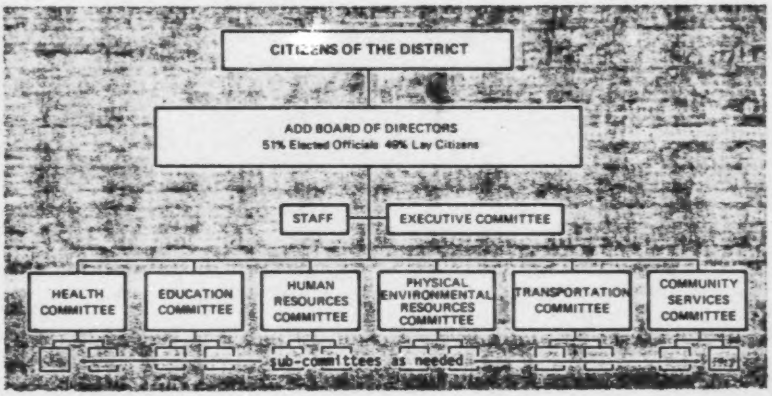
The Development Strategy simply spells out how the district will utilize available resources to meet present and future needs. The Development Plan is based on the Development Strategy. It suggests alternatives for district decision-makers to follow in dealing with the district's needs over a five-year period. The Action Program suggests a phased course of action for the district's governments for one year period.

For example, a district's development strategy might be to preserve and increase the recreational areas within the district. The district development plan would suggest alternative means for developing parks and other recreational areas in the district for the next five years. The action program describes the specific recreational and other projects and programs (i.e., Open Space Program of the Department of Housing and Urban Development, Bureau of Outdoor Recreation Program of the Department of the Interior) which the district's governments will undertake for the first year of the five year period. The action program is updated each year.

These three elements provide the district's elected officials and citizens with an action-oriented tool for meeting the challenges which face the district.

How is an ADD Organized

The structure of an Area Development District consists of four major components, each designed to fulfill certain functions.* These components include: Board of Directors, Staff, Executive Committee, and Advisory Committees. Each component is discussed on the next two pages.


CITIZENS OF THE DISTRICT
ADD BOARD OF DIRECTORS
51% Elected Officials 49% Lay Citizens
STAFF
EXECUTIVE COMMITTEE
HEALTH COMMITTEE
EDUCATION COMMITTEE
HUMAN RESOURCES COMMITTEE
PHYSICAL ENVIRONMENTAL RESOURCES COMMITTEE
TRANSPORTATION COMMITTEE
COMMUNITY SERVICES COMMITTEE
sub-committees as needed

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*The organizational structure presented here is typical of most ADDs. Executive Committee and sub-committee arrangements (as well as other details) may vary among ADDs to meet local circumstances.

BOARD OF DIRECTORS

The DECISION-MAKING body of the Area Development District is the Board of Directors. The Board of Directors (1) determines the overall district strategy, plan, policy and program, (2) conducts the affairs of the district in an orderly manner, (3) coordinates the work of the Advisory Committees, and (4) represents the district in dealing with state and federal agencies.

To be effective, the ADD Board of Directors must represent and answer to the interests of the citizens of the district. The Board of Directors must consist of at least 51 percent elected officials within the district, (the County Judge of each county, and one Mayor from each county). The elected officials are the official spokesmen for the people within their individual communities and provide a focal point for generating local leadership.

In addition to these elected officials, each Board must have a number of lay members to represent the various interest groups in the district. Lay members should, where applicable, be representative of, but not limited to, the following groups and interests:

Agriculture
Bar Association
Chamber of Commerce
Civic Clubs
Clergy
Education
Financial
Health
Industry
Labor
Low Income
Minority
News Media
Senior Citizens
Utilities
Youth

These lay members must be chosen in such a manner that all counties will be equally represented and no one interest group can control the Board of Directors.

EXECUTIVE COMMITTEE

The Executive Committee is the POLICY-EXECUTING BODY of the ADD. It is composed of the presiding officers of the Board of Directors, the chairman of the six Advisory Committees, one ADD Board member from each county and/or major political subdivision elected annually by the Board of Directors. (As footnoted on page five this arrangement varies.)

STAFF

Of the many elements which help the ADD to be successful, few exceed the importance of its professional staff. The staff is responsible to the Board of Directors. The basic function of the staff is to suggest activities to the Board and to carry out the Board's programs.

ADVISORY COMMITTEES

In order to function properly, the ADD Board of Directors must delegate its work to Advisory Committees which represent the following categories: Health, education, transportation, community services, physical resources and human resources.

ADD Advisory Committees are organized groups of interested citizens and elected officials at the district level. The six Advisory Committees identify the needs of the district and recommend actions to deal with these needs.

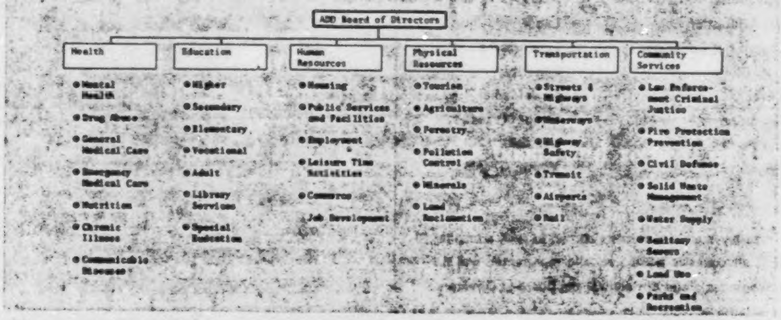
To be effective, the Advisory Committees must coordinate their efforts and work closely with the Board of Directors. For example, a Health Committee which is planning the development of a new hospital should check with the (1) Transportation Committee concerning access to the proposed site, (2) the Community Service Committee concerning land use in the surrounding area and availability of utilities and other services, and (3) the Human Resource Committee concerning available manpower in the area.

The Advisory Committees should be made up of people in, and knowledgeable of a particular field. The diagram below outlines some of the areas of concern of each Committee.

The basic responsibilities of advisory committees are as follows:

- Analyze the existing conditions in the district in terms of its area of responsibility
- Examine the resources which can be made available to deal with the district's problems, needs and opportunities
- Suggest policy guidelines which should be followed in dealing with these problems, needs and opportunities
- Assist in developing the district development strategy, development plan and action program
- Assist in determining the priorities which the district must deal with

°AREAS OF CONCERN FOR DISTRICT ADVISORY COMMITTEES


ADD Board of Directors
Health
Education
Human Resources
Physical Resources
Transportation
Community Services
● Mental Health
● Drug Abuse
● General Medical Care
● Emergency Medical Care
● Nutrition
● Chronic Illness
● Communicable Diseases
● Higher
● Secondary
● Elementary
● Vocational
● Adult
● Library Services
● Special Education
● Housing
● Public Services and Facilities
● Employment
● Leisure Time Activities
● Commerce
Job Development
● Tourism
● Agriculture
● Forestry
● Pollution Control
● Minerals
● Land Reclamation
● Streets & Highways
● Waterways
● Highway Safety
● Transit
● Airports
● Rail
● Law Enforcement Criminal Justice
● Fire Protection Prevention
● Civil Defense
● Solid Waste Management
● Water Supply
● Sanitary Sewers
● Land Use
● Parks and Recreation

°These areas listed are primarily for illustration purposes. They are not intended to be limiting or all inclusive.

*In a few ADDs, the Advisory Committees are called Councils.

How Does The ADD Fit Into The State Development Process

For the ADD concept to be successful, the efforts of the ADD must be linked with the activities of state and federal agencies that have the funds and technical assistance to deal with the needs of the district. In order to adequately link these activities, a STRUCTURE must exist.

In Kentucky four organizations make up the structure which is necessary to manage governmental affairs. These organizations are discussed below and their relationship shown on the next page.

1. STATE PLANNING AND COORDINATING COMMISSIONS AND COUNCILS

These Commissions consist of coordinating bodies of state agency heads. They are responsible for developing policies and procedures for comprehensive planning and coordination within their functional area of activity. The Council is an organized group of concerned and informed citizens at the state level which renders advice and counsel to the Commission.

The staffs of the Commissions/Councils are responsible for assisting state agencies in developing more effective ways of managing state activities and resources to improve the delivery of state and federal services and assistance to communities. Also, they assist the ADD staffs and coordinate state activities in developing practical action plans and programs.

2. STATE PLANNING AGENCY

The state planning agency (Kentucky Program Development Office) is responsible for providing liaison between local governments, area development districts, and state government. As the official state planning and research agency, it disseminates technical planning information and provides program assistance. The agency maintains channels for communication and fosters cooperation toward the coordinated development of the Commonwealth.

3. AREA DEVELOPMENT DISTRICT ADVISORY COMMITTEES

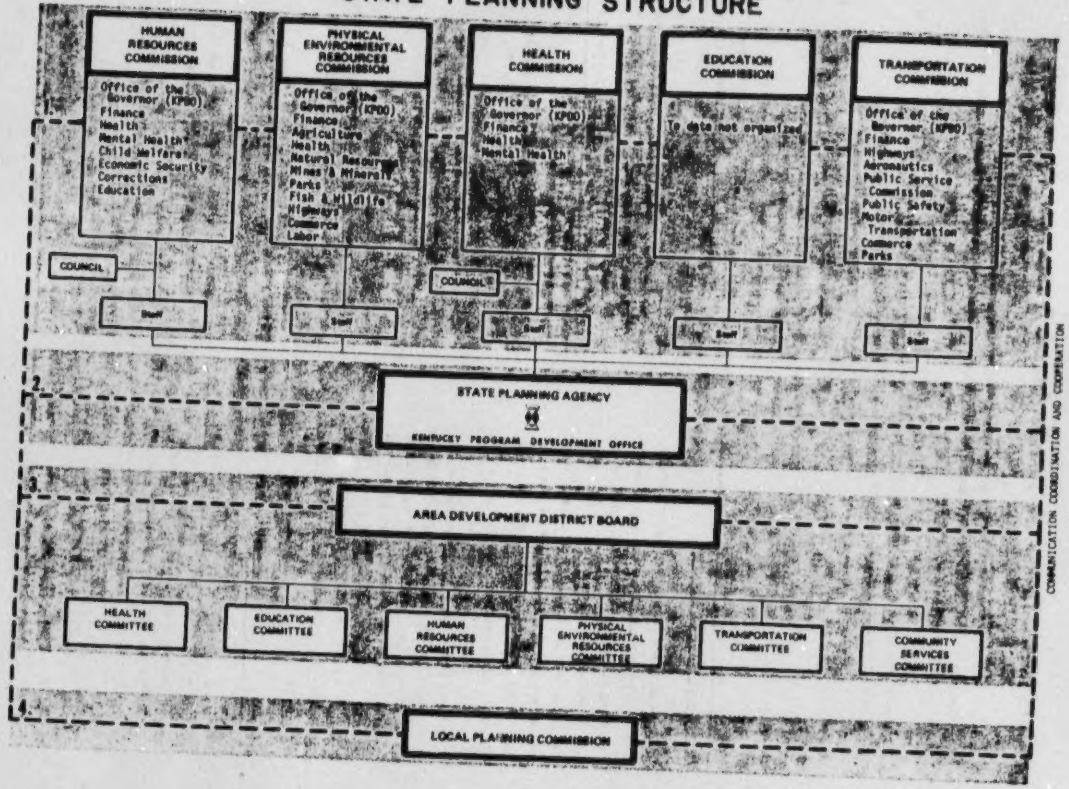
The ADD Board of Directors is the keystone in the planning structure in Kentucky. The Board, through its Advisory Committees, gives local governments a chance to participate in developing state and federal plans and programs for community improvement and development.

The ADD committee structure coincides with the State planning and coordinating commissions providing a direct means of plan coordination and implementation.

4. LOCAL PLANNING COMMISSION

A local planning commission determines the details of how local needs are to be met within the framework of district and state planning process.

STATE PLANNING STRUCTURE

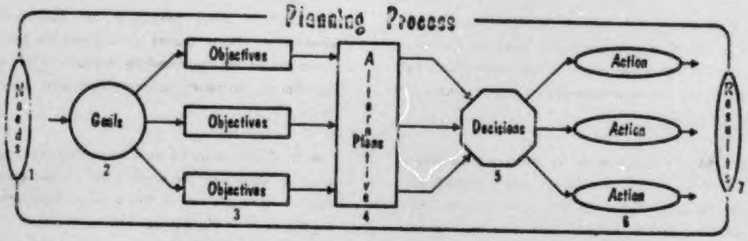

HUMAN RESOURCES COMMISSION
Office of the Governor (KPDO)
Finance
Health
Mental Health
Child Welfare
Economic Security
Corrections
Education
PHYSICAL ENVIRONMENTAL RESOURCES COMMISSION
Office of the Governor (KPDO)
Finance
Agriculture
Health
Natural Resources
Mines & Minerals
Parks
Fish & Wildlife
Highways
Commerce
Labor
HEALTH COMMISSION
Office of the Governor (KPDO)
Finance
Health
Mental Health
EDUCATION COMMISSION
To date not organized
TRANSPORTATION COMMISSION
Office of the Governor (KPDO)
Finance
Highways
Aeronautics
Public Service Commission
Public Safety
Motor Transportation
Commerce
Parks
COUNCIL
COUNCIL
Staff
Staff
Staff
Staff
Staff
1.
2.
STATE PLANNING AGENCY
KENTUCKY PROGRAM DEVELOPMENT OFFICE
3.
AREA DEVELOPMENT DISTRICT BOARD
HEALTH COMMITTEE
EDUCATION COMMITTEE
HUMAN RESOURCES COMMITTEE
PHYSICAL ENVIRONMENTAL RESOURCES COMMITTEE
TRANSPORTATION COMMITTEE
COMMUNITY SERVICES COMMITTEE
4.
LOCAL PLANNING COMMISSION
COMMUNICATION COORDINATION AND COOPERATION

How Does An ADD Make Decisions

The ADD uses the "planning process" in making decisions affecting the management and development of a district. As illustrated below, planning is simply a process of making rational decisions based on sound information. It can be used in preparing elaborate studies as well as in day-to-day decision-making, depending of course on the complexity of the problem and the availability of information pertinent to it.

The basic steps in the process are as follows:

1. Identify the needs of the district;
2. Establish district goals to guide the projects, programs and efforts which will be used to deal with the district's needs;
3. Develop district objectives which determine what actions are necessary in a given period of time;
4. Formulate alternative ways of meeting the objectives of the district;
5. Evaluate the proposed alternatives and decide on a feasible method of realizing the district's objectives;
6. Take action to initiate federal, state, local and private sector projects, programs and efforts which will meet the district's needs; and
7. Examine the results and, if necessary, redirect developmental efforts to reflect changes which occur.



As discussed on page 4, one of the functions of the district is to develop a realistic strategy, five-year Development Plan and one-year Action Program. These three activities are related to the planning process as follows: The strategy results from or can be the same as goals (2) and objectives (3). The Five-Year Development Plan can result from decisions (5) made on alternative plans (4) and the one-year Action Plan is carried out when practical courses of action (6) are selected.

The steps outlined in the above format illustrate one of several means of presenting the planning process. This format clearly shows the entire process and is most applicable to the action-oriented district planning process used by the Kentucky Area Development Districts. It is important to note that decisions leading to actions may be made in a short period of time depending upon the nature of a particular need confronting a district.

What Is A Typical Work Program For An ADD

A key element in the success of any ADD is the development of a work program to guide the activities of the ADD staff and elected officials and citizens of the ADD.

A work program is simply a rather detailed description of what the ADD is going to do, who is going to do it, and how they are going to do it. It indicates the ADD's approach to its responsibilities. Since conditions vary in each ADD, the detailed content of individual work programs will be different. Nevertheless, each ADD must be involved in certain basic activities.

IMMEDIATE ACTIVITIES

- Obtain funds: The ADD must have funds to operate. A full time staff is necessary for developing and carrying out a meaningful program. Therefore, an adequate budget must be provided. Several federal assistance programs can be utilized to complement state and local contributions to finance the activities of an ADD.

- Hire staff: Once operating funds are obtained, the ADD Board of Directors should select an Executive Director and charge him with the responsibility for developing a work program and managing the activities of the ADD.

The primary responsibility for wielding the organization into a workable instrument rests with the Executive Director. Within the framework of community attitudes, limited budgets, and state and national government actions, the Executive Director must acquire a staff, oversee the development and implementation of a general work program as it is developed, and maintain favorable public relations.

- Initiate a meaningful, informative public relations program: A good public relations program is a basic ingredient to the success of the ADD.

- Establish working relationships with local planning and development agencies and individuals and federal and state agencies affecting development in the district: In order to be effective, the ADD must be aware of the needs of the communities in the district and develop ways of bringing resources to bear on these needs. The ADD accomplishes this through liaison with the officials and citizens of the district and state and federal agencies affecting the district.

- Begin initial efforts in assisting local governments planning and programming, the use of their resources to deal with their needs.

- Establish initial procedures for coordinating development efforts: During the first year this can be accomplished by implementing Circular A-95 and establishing procedures for reviewing local projects in the district.

- Establish the six advisory committees and assist them in identifying the needs, problems and opportunities facing the district: The Advisory Committees are the heart of the district's efforts. Therefore, it is important to establish them and make them operational.

- Conduct reconnaissance surveys in each county of the district: The reconnaissance survey is a preliminary assessment of existing conditions and significant social, economic, and physical trends in a county. It should normally consist of an assessment of the county's social, economic, and physical conditions and problems, a preliminary study of the developmental issues facing the county, and an outline of how the county can expect the ADD to help deal with its needs.

INTERMEDIATE ACTIVITIES

- Expand assistance to local governments
- Improve and formalize relationships with state and federal agencies
- Develop a district development plan and first year action program
- Widen coordination techniques and efforts
- Conduct special impact studies on vital issues confronting the district

LONG-RANGE ACTIVITIES

- Initiate the first year action program
- Update the district development plan
- Evaluate the activities of the ADD and re-program, re-direct, and expand its activities where necessary.

Conclusion

An Area Development District offers Kentucky communities a chance TO GET THE THINGS THEY NEED. No matter how much State government tries to provide motivation for progress, the ultimate success is dependent on local community leaders and their actions. An ADD provides them a vehicle with which to act. Kentucky can plan for the future—and assure its present and future citizens a decent job in a quality environment.

STATE OF LOUISIANA,
EXECUTIVE DEPARTMENT,
Baton Rouge, La., June 16, 1971.

Hon. HUBERT H. HUMPHREY,
Rural Development Subcommittee,
Committee on Agriculture and Forestry,
Washington, D.C.

DEAR SENATOR HUMPHREY: Your letter expressing interest in the rural development of Louisiana is appreciated. Louisiana, the hub of the New South, is looking to the great opportunities of rural development to provide the economic and cultural growth necessary to slow down and reverse the state and national trends of rural-to-urban migration. I was particularly interested in your committee's plans for a series of field trips to examine the problems and opportunities of rural America firsthand. In planning your schedule I would like to extend my personal invitation to your committee to come to Louisiana for one of its regional hearings.

The information you requested on rural development in Louisiana is being prepared by the Louisiana Rural Development Council and my Office of State Planning and should be forwarded to you within the next week.

I share your interest and concern for rural America and if I can be of any further assistance please do not hesitate to call.

Sincerely yours,

JOHN J. MCKEITHEN,
Governor.

STATE OF LOUISIANA,
EXECUTIVE DEPARTMENT,
Baton Rouge, La., June 29, 1971.

Hon. HUBERT H. HUMPHREY,
Chairman, Rural Development Subcommittee,
U.S. Senate Committee on Agriculture and Forestry,
Washington, D.C.

DEAR SENATOR HUMPHREY: Your interest in the problems of rural America and rural Louisiana is appreciated. I share with you and the Senate Subcommittee on Rural Development the awareness of the pressing need to emphasize the opportunities of rural development so that we may provide the quality of life necessary to slow down and reverse the rural to urban migration trends evidence in Louisiana and the nation.

I would like to take this opportunity to invite you and the members of the Subcommittee to conduct one of your ten regional hearings and field trips in Louisiana. Should your Subcommittee choose to come to Louisiana we will be happy to assist in any necessary arrangements.

1. Problems of Rural America

The following problems/needs of Rural America are not necessarily listed in order of priority:

a. Lack of job opportunities and underemployment
b. Sum-quality of living conditions with attendant deficiency of cultural advantages
c. Substandard housing and general lack of those amenities pertaining thereto
d. Minimal health care and facilities
e. Minimal recreation opportunities
f. General absence of planning for and with residents of rural areas

2. Impact of rural problems on urban America

As even the better educated youth in the rural areas are unable to find employment, they are forced to move to urban areas where suitable employment can be found. While these individuals normally do not place a major social or economic stress on the urban community, they do tend to compound the problems resulting from the concentration of large numbers of people in a relatively small land area.

Of greater impact, however, is the mass movement of the uneducated and poorly trained poverty level rural families to the central cities. This group does place major social and economic stress upon urban America by concentrating in ghetto areas and contributing to city and state welfare rolls, crime statistics, and the like.

3. Need for a national growth policy

The need for a national growth policy is explicit, as the basic cause of chronic poverty in rural areas is the inability of the general economy to generate all the jobs needed by a growing labor force.

For many years it has been a common conception that much, if not most, underemployment in rural America is voluntary. Since World War II, however, study after study has shown that farm people take nonfarm jobs as fast as those jobs become available. When new industries have been developed in low income rural areas the applicants have far exceeded the number of new jobs. It is not a lack of incentive that holds rural Americans in poverty; it is, basically, a lack of alternatives.

4. Experience with rural development and improvement programs in Louisiana

Confusion has resulted from the large number of overlapping Federal programs related to rural development. It has been found that the most effective rural development programs are those directed at the one basic need and implemented with the assistance of volunteer effort at the community level through citizen participation.

5. State laws and programs aimed at the development of rural areass

a. Louisiana right to profit laws attract industry to rural areas.

b. Participation in Federal rural development programs through Economic development Districts, CAMPS, OEO Community Action Agencies, etc.

c. Enabling legislation for rural planning and zoning.

d. Substantial appropriations for farm-to-market road system.

e. Marketing and consumer protection programs of the Louisiana Department of Agriculture.

f. Louisiana State University research and education, through the Cooperative Extension Service, provides leadership to a broad range of rural development activities.

g. The Toledo Bend Reservoir, built jointly through cooperation of Louisiana and Texas on the Sabine River, contributes millions of dollars annually to the economy of a formerly depressed rural area of the State. Similar economic benefits have accrued in other rural areas through construction of numerous small reservoirs.

h. Statewide planning coordination for rural development by the Louisiana Office of State Planning.

6. Experience in Louisiana economic development planning

As the hub of the New South, Louisiana has experienced a surge in industrial development, owing in large part to its proximity to the Mississippi River and the Gulf of Mexico. We have five Economic Development Districts in operation covering all but a small portion of the state. At the state level the Louisiana Department of Commerce and Industry is doing a splendid job furthering development. Among their many responsibilities is the development and maintenance of a profile for each community. The Louisiana Rural Development Council is concerned with the balance of rural and urban areas among their undertakings. The Louisiana State Planning Office is effectively coordinating all agencies concerned with the planning of economic development on a statewide basis.

Should you require additional information or clarification of the information provided, please do not hesitate to contact me. If possible, I would appreciate your providing my Office of State Planning with the agenda of your planned hearings and field trips.

Sincerely,

JOHN J. MCKEITHEN,
Governor.

STATE OF MAINE,
OFFICE OF THE GOVERNOR,
Augusta, Maine, May 27, 1971.

Hon. HUBERT H. HUMPHREY,
Senator, Senate Office Building,
Washington, D.C.

DEAR HUBERT: I want to thank you for your recent letter about Title IX of the Agricultural Act of 1970. The problems of rural development are especially relevant in Maine.

I have asked various department heads in Maine to give me their reaction to your questions so that my response to your letter will be as accurate as possible. When I have received the reports, I will write again.

Sincerely,

KENNETH M. CURTIS,
Governor.

STATE OF MICHIGAN,
OFFICE OF THE GOVERNOR,
Lansing, Mich., June 16, 1971.

Hon. HUBERT H. HUMPHREY,
U.S. Senator, Chairman, Rural Development Subcommittee, Committee on Agriculture and Forestry, Washington, D.C.

DEAR SENATOR HUMPHREY: Thank you for your recent letter concerning Title IX of the Agriculture Act of 1970.

The problems of rural Michigan are related to problems throughout rural America. One factor is the disparity of rural incomes versus urban incomes; accompanying this is the lack of many services which cost money, such as schools, medical facilities, sewer, water, paved roads and transportation.

Over one-half of the nation's farmers have sub-standard incomes, even when supplemented from non-farm sources. These low income farmers often have neither the skill nor the resources to earn an adequate income from the land. Lack of vigor in the economy magnifies plight of the marginal farmer who must depend on off-farm earnings for a living.

The principal impact of rural problems on urban America is the migration of the rural poor to metropolitan areas where they compete for available employment. They are lured to the city by the expectation of work at good wages or even for a more liberal welfare program. Add to this the fact that the American farmer has experienced the greatest growth in productivity in the American economy, thus requiring less manpower to make Americans the best fed people in the world. This productivity results in rural labor seeking employment in urban areas.

There is a need for a land use policy in Michigan, and the nation, to prevent our prime agricultural land from being lost to residential, industrial and commercial development. This will not only preserve our agricultural land but improve the environment and quality of life for everyone.

Government could provide incentives for business and industry to develop employment opportunities in rural areas. This would provide off-farm employment and relieve some of the tax load from agricultural land.

Federal programs aimed at the development and improvement of our rural areas are vital, and I appreciate that many sewage systems, roads, and hospitals have been built in rural areas that would not have been without federal aid. However, state and local control and participation in such programs is essential to their success.

Last year, I created a "State Council on Rural Affairs". Representing state agencies are the Directors of Agriculture, Commerce, Labor, Natural Resources, Health, Social Services, anud Highway. Federal agencies are represented by Farmers Home Administration, Forest Service, R.E.A., Soil Conservation Service, Agricultural Stabilization and Conservation Service, Cooperative Extension Service and the Economic Development Service. From the private sector are representatives of the Agricultural Conference, Chamber of Commerce, Soil Conservation Districts, County Drain Commissioners, Townships Association, Association of Counties, Bankers Association and the Welfare League.

On August 21, 1970, a task force on the future of agriculture was established to assess the needs of agriculture in Michigan. A copy of the final report of the task force is enclosed.

Our state Office of Economic Expansion is concerned with the economic development of the state. I am sending a copy of your letter and this letter to its Director and he will communicate directly with you regarding economic growth in Michigan.

If the Rural Development Subcommittee should hold a hearing in Michigan, we will cooperate in every way possible.

Sincerely,

WILLIAM G. MILLIKEN,
Governor.

(The report referred to above is as follows:)

Final Report of the Governor's Task Force on the Future of Agriculture

MEMBERSHIP LIST

Mr. Dan Reed, (Chairman), Secretary-Manager, Michigan Farm Bureau
Mr. Duane Baldwin, Member, Commission on Agricultural Labor
Mr. Robert Craig, Past President, Future Farmers of America
Dr. John T. Dempsey, Special Assistant to the Governor
Mrs. Eric Furu (Joyce), Secretary, Michigan Holstein Association
Mr. Joa Penzien, Chairman of Democratic State Agricultural Committee
The Honorable Stanley Powell, Member, Michigan House of Representatives, Consumers & Agriculture Committee
Mrs. Seth Tompkins (Rebecca), Member, Michigan Agricultural Commission
Dr. Karl Wright (for Dr. Arthur Mauch), Agricultural Economist, Michigan State University
The Honorable Charles Zollar, Chairman, Michigan Senate Appropriations Committee

December 1, 1970.

Hon. William G. Milliken,
State Capitol Building,
Lansing, Mich.

Dear Governor Milliken: I am transmitting herewith the final report of the Task Force on the Future of Agriculture which was established on August 21, 1970.

As directed, the Task Force held a series of hearings throughout the State to assess the needs of agriculture in Michigan. The seventeen hearings (see Appendix for site locations) were attended by approximately six hundred persons actively involved in agriculture or related occupations. Two hundred and eighty persons directly participated, expressing their needs and concerns.

There are over seventy recommendations contained in the total report. The Task Force feels, however, that it should highlight the major recommendations in eight areas of a priority nature. Each area is further amplified by additional recommendations contained in the report.

I. TAXATION

Property tax reform was the foremost concern expressed by Michigan farmers at the seventeen conferences held throughout the State. The Michigan farmer feels that he is carrying an unfair share of the property tax burden. Agricultural land in Michigan is too often unfairly assessed at its development potential rather than at its actual production level. Farmers feel that taxes based on ability to pay are more equitable for all than taxes which must be paid on land whether or not it yields a profit. The passage of House Bill No. 2533—the Green Belt Bill—as suggested in Major Recommendation 1, would be a major step toward correcting this injustice.

II. MARKETING

Michigan agriculture has achieved significant success in the area of production. However, in the area of sales and marketing, agriculture has been somewhat less successful. Therefore, the Task Force recommends that you encourage legislation which would promote improved sales and marketing techniques for Michigan's agricultural products as suggested inMajor Recommendation 4.

III. LABOR

It is imperative that Michigan be prepared for the possibility of an approaching farm labor unionization crisis that could be detrimental to the interests of Michigan's farmers, farm workers, and consumers. If properly prepared for, this crisis situation can be avoided in the best interests of all. Major Recommendation 19 speaks to this problem.

IV. LAND USE

Michigan is currently in danger of losing much of its prime agricultural land to "urban sprawl" and to the residential, industrial, and commercial development that accompanies it. Protection of Michigan's agricultural land and the preservation of agricultural green belts through state-wide land use planning and tax relief as suggested in Major Recommendation 20 is urgently needed.

V. RESEARCH

Although the total sum of money now expended for agricultural and related research seems impressive, the total, when applied to the multitude of areas suggested in Major Recommendation 33, is inadequate. It is essential, in this time of increasing population and reduced use of land for agricultural purposes, that every effort be devoted to making all segments of agriculture as efficient and effective as possible.

VI. ECOLOGY

Society as a whole, including the agricultural community, has become aware of the major ecological concerns facing the country. The agricultural community wishes to be a vital part of the effort to improve our environment. However, it must be realized that a great deal of the world's food supply is dependent upon the increased production to which agricultural chemicals have contributed so much. Agricultural interests should be represented on all governmental bodies concerned with environmental improvement. Research and grants to assist the farmer in meeting his responsibility are suggested in Major Recommendation 24.

VII. HOUSING

For years Michigan farmers, through their taxes, have contributed to the social welfare programs designed for all Michigan citizens. Little direct benefit of these tax expenditures, however, have been returned to Michigan's agricultural community. Therefore, it seems only fair that Michigan farmers, as stated in Major Recommendation 14, receive greater relief from the burden of the housing of seasonal farm labor.

VIII. THE NATURAL RESOURCES COMMISSION

Most of the water upon which Michigan depends falls upon agricultural land; and much of the hunting and recreation in the State takes place on or adjacent to Michigan farm land. Therefore, it is strongly felt that there should be agricultural representation on the Michigan Natural Resources Commission, as suggested in Major Recommendation 22.

The recommendations transmitted herewith are classified in three separate groups:

A. Major Recommendations.—These thirty-eight recommendations include the areas of concern listed above as well as others which the Task Force found to be of pressing concern to the Michigan farmer. All Major Recommendations are within the realm of Executive or Legislative action by yourself and the State of Michigan.

B. Supplemental Recommendations.—These twenty-four recommendations include statements of general concerns as well as specific recommendations which may be referred for action to other departments and agencies, both state and federal.

C. Upper Peninsula Recommendations.—These thirteen recommendations deal with problems specifically concerning Michigan's Upper Peninsula.

The Task Force appreciates your interest in and commitment to the future of agriculture in Michigan. We have enjoyed the opportunity to work in this area for you and we hope you feel that the Task Force has made a useful contribution.

With the transmittal of this report the Task Force believes that it has fulfilled the Charge given it by you. We plan no further activities unless you should make additional requests of us.

Sincerely,

DAN E. REED,
Chairman, Task Force on the Future of Agriculture.

MAJOR RECOMMENDATIONS OF THE GOVERNOR'S TASK FORCE ON THE FUTURE OF AGRICULTURE

TAXATION

1. Taxes based on ability to pay rather than taxes levied on property which may or may not produce income are more equitable to farmers. Consequently, the Task Force supports the principle of reduced dependence on the property

tax (particularly for schools) and an increased reliance on the income tax. Coupled with this is the fact that agricultural land in Michigan is presently being unfairly assessed at its development potential rather than at its actual production level. Therefore, the Task Force recommends passage of the Green Belt Bill—House Bill 2533 including Senate amendments.

2. Current methods of financing the construction of new sanitary sewers and water systems impose an undue hardship on some Michigan farmers. Therefore, we recommend that instead of levying confiscatory special assessments, new methods of financing sanitary sewers and water systems in Michigan should be developed.

3. The swampland tax on state and federal-owned land is inadequate and should be increased to a level comparable with private payments. Therefore, we recommend that the swampland tax on these state and federal-owned lands be increased to a minimum of 40 cents per acre.

SALES/MARKETING

4. Develop regulations which protect the farmer in transactions involving the sale of agricultural commodities. Such protection should include:

(*a*) Mandatory posting by processors of realistic, negotiated prices before the delivery of the commodity by the farmer. (It is suggested that legislation be enacted to require processors to file a copy of the contract with a producer and the financial rating of the contractor with the Michigan Department of Agriculture before the contract is offered to the producer.)

(*b*) Mandatory payment within 30 days to the farmer for commodities (including fruits and vegetables particularly) unless there is written agreement for an extended period of payment. This would not apply, of course, where present law or practice determines a more prompt payment procedure.

(*c*) Regulation to end the boycotting and price-fixing which may be used by processors and handlers against the producers.

(*d*) Mandatory deduction of marketing services fees where applicable and the forwarding of such fees to the proper organization or association.

5. Encourage commodity groups to adopt marketing orders and agreements embodying the following concepts to aid in maintaining a fair price:

(*a*) Market development and promotion
(*b*) Production and quality controls

6. Legislative appropriations should include funds to hire additional marketing specialists in the Michigan Department of Agriculture and Cooperative Extension Service.

7. Imported food products should be required to meet the same standards of production and quality as those set for domestic or local producers. At the present time, some products imported for sale in Michigan do not meet the high standards of quality which must be met by Michigan producers and processors.

8. Michigan has higher standards for many food products, including the manufacture of sausage, than any state in the nation. These standards should be maintained and any effort to lower such standards should be strongly resisted.

9. There are several products, including red meat and poultry, which Michigan could but does not now produce in quantities sufficient for state consumption. We should take steps to increase the production of these commodities; we also should promote more vigorously the high quality of Michigan products.

10. Improvements should be made in the crop reporting service and appropriate steps (including additional appropriations) should be taken to improve both the accuracy and the timeliness of this service. Because of current practices, price is now sometimes adversely affected.

11. It is recommended that steps be taken to coordinate raw product inspection (by The Michigan Department of Agriculture) with finished product inspection (by The United States Department of Agriculture), thus insuring that the price paid to the farmer for his produce is the price for the grade for which the produce is ultimately used.

12. It is recommended that the mandatory provisions of Regulation 527, calling for third party inspection of red tart cherries, be rescinded or amended.

13. Bids for state purchase programs should be let sooner so that the producer as well as the processor will benefit from this market potential.

LABOR

14. Increased support and funds are needed for more and better migrant housing. Agriculture is the only industry in which the employer is expected to provide employee housing. In recognizing society's obligation, it is recommended that the 50–50 Grant Program for Migrant Housing administered by the Department of Public Health be funded for $1,000,000 for the fiscal year 1971–72.

15. Training programs should be set up through the FFA, 4–H or other programs to train and utilize youth in specific skills for limited participation in agriculture. Regulations concerning youth employment standards should take into consideration the existence of the family as a working unit in agriculture.

16. Michigan's agricultural minimum wage should not exceed the federal minimum wage—to avoid placing Michigan farmers at a competitive disadvantage with other states. The Governor is requested to use his influence to raise the federal minimum wage to equal that of Michigan.

17. Rates of Workmen's Compensation should be reevaluated. Classification of rates should reflect the varying risk factors involved in the different operations within agriculture.

18. The Department of Labor and/or the Rural Manpower Center should be instructed to advise farmers of their rights and responsibilities in regard to farm labor.

19. The Task Force deems it necessary to call the attention of the Governor to the real probability of a crisis in farm labor in Michigan. This results from the fact that there is a lack of legislation in this area at both the state and federal levels. Federal legislation is preferred; but in the absence of this, we recommend that the Governor initiate state legislation to protect our growers ,workers, and consumers against the chaotic situation which could result from work stoppages during harvest time, boycotts, and other interruptions destructive to our food supply.

ECOLOGY

Land use

20. Comprehensive statewide land use planning utilizing statewide soil surveys is needed to preserve agricultural land in Michigan. Therefore, we recommend that legislation providing for tax relief and land preservation in Michigan should be considered in order to create agricultural 'Green belts'.

Pollution

21. Agricultural ecology is a concern, and more farm interests should be included on all governmental bodies that implement laws affecting Michigan farmers.

22. The Michigan Natural Resources Commission should have agricultural interests represented in its membership, because of the inter-relationship of their interests.

23. Extreme care should be exercised in legislating the ban of pesticides. Alternative courses of pest control must be immediately available.

24. After appropriate research, specific information on methods to combat pollution should be made available to the farmers. For instance, an efficient method of disposing of agricultural waste should be researched and presented to Michigan farmers. There is a real need for grants to help the agricultural community bear the high costs of instituting programs to protect the environment.

25. Lest this bill harass farmers illegitimately, after a reasonable length of time, House Bill 3055, which permits a private citizen to sue anyone accused of environmental pollution, should be reexamined.

26. Anti-litter laws should be strengthened and enforced particularly along roadsides.

27. A study should be undertaken to consider the necessary standards and licensing of feed lots by the Michigan Department of Agriculture, as a means of preventing pollution. Appropriate legislation to achieve this goal should be considered.

Conservation and recreation

28. Woodlots are a valuable natural resource and an opportunity for additional income in many agricultural areas. More technical assistance for individual farm woodlot owners should be provided.

29. Action should be taken to ensure that utility companies which put lines (pipe, power and telephone) through property also stabilize the land and are

responsible for preventing erosion and hidden or supplemental damage to drainage systems, etc.

30. Increased state support to hire district aides to help in county soil conservation offices is recommended.

31. Legislation relating to water rights as well as the use and management of water, both surface and underground, should be developed.

32. A policy should be adopted whereby the state will recompense farmers for damages resulting from destruction of farm land and crops by protected species of wildlife.

RESEARCH

33. Emphasis should be placed on the importance of research in raising the quality of agricultural products, including improved animal health and controlled crop pests. Increased support and funds for agricultural research are needed in the general areas of marketing techniques, product development and improvement, product utilization, pesticides and herbicides, and mechanized equipment. In addition, environmental research is necessary to discover the practicability of liquid manure disposal systems, environmental damage caused by chemicals, and the health effects of dairy products and their substitutes. Further attention should be given to developing an integrated pest control program and the use of natural pest predators.

Many specific problems require special attention such as corn blight, bean blight, root rot, and checked seed coats. Corn blight may be one of the most damaging diseases to threaten the United States food supply.

PUBLIC RELATIONS

34. The Michigan Department of Agriculture in recent years has been increasingly entrusted with the responsibility for providing a variety of inspection and regulatory services in the interest of consumer protection. As a result, we believe that Michigan's agricultural interests are not adequately represented in state government. Therefore, we urge that the Department of Agriculture assume greater responsibility for providing services in those areas of prime interest to farmers such as improving the competitive status of Michigan farmers; the marketing and promotion of Michigan agricultural products; and technical assistance in solving problems that effect agricultural ecology. The Department of Agriculture should be the voice of agriculture in state government.

35. There is a need to bring the importance of agriculture to the general public, and specifically the urban dweller. Additional personnel, under the supervision of the Michigan Department of Agriculture, should direct this program to publicize and promote Michigan agriculture. A suggested slogan for this purpose: "What Michigan grows, makes Michigan grow."

36. There is a great need for additional manpower in the many agribusiness industries. Improved career guidance information regarding opportunities in service, supply, and processing areas should be given through our educational activities such as Vocational Agriculture and Future Farmers of America.

RURAL DEVELOPMENT

37. It is recommended that Economic Development Act programs be developed to help in locating processing plants in areas of agricultural production, or in relocating those forced to move for ecological and other reasons.

38. The Task Force recommends governmental action through Economic Development Act programs to provide better employment opportunities for farmers and their families.

SUPPLEMENTAL RECOMMENDATIONS OF THE GOVERNOR'S TASK FORCE ON THE FUTURE OF AGRICULTURE

1. Soil Bank regulations regarding the control of noxious weeds should be vigorously enforced. *Refer to United States Department of Agriculture.*

2. The state needs a constant influx of young farmers, who should be given every financial encouragement. Therefore, some method of financial support for young farmers such as a deferred payment plan, low interest or subsidized loans, or farm incorporation plan, should be developed to get young farmers started in Michigan.

3. Attention should be given to developing sources for long-term loans for farmers—at least one year.

4. Legislation and regulations to keep Michigan agriculture competitive with Canadian, Mexican, and other imports should be considered.

5. The central Upper Peninsula beef project supported by federal/state dollars under the auspices of the Great Lakes Commission should be continued. *Refer to Great Lakes Commission.*

6. Improvements and procedures are needed for checking of both quantity and quality of bulk feed deliveries. *Refer to Department of Agriculture.*

7. Appropriate steps should be taken to get more veterinarians in the state.

8. A means to allow continuing dialogue between state government and farmers should be set up.

9. Improved communication should be established between the Department of Agriculture and the small, independent farmer. *Refer to the Department of Agriculture.*

10. Investigation should be made of the high cost of obtaining three-phase electricity from electric utility companies. *Refer to the Public Service Commission.*

11. Improved testing/treating/checking procedures such as a fumigation station should be established at the Mackinac Bridge in order to fight the spread of the cereal leaf beetle across the bridge. *Refer to the Department of Agriculture.*

12. Tightened regulation of snowmobiles and all-terrain vehicles is necessary.

13. Steps should be taken to improve medical services in rural areas. *Refer to the Rural Affairs Council.*

14. Secondary roads and bridges used by farmers should be improved and additional state/federal assistance for this purpose should be recommended.

15. Improvement and widening of US–2 and M–28 in the Upper Peninsula should be undertaken instead of building a new, limited access highway across the middle of the Upper Peninsula.

16. Michigan through the Great Lakes Commission should encourage Wisconsin to improve their highways—particularly US 141 and 41.

17. The Farm Labor Placement Service should be revamped to provide more service to the farmer, in placing farm laborers and in protection against bad employees. *Refer to MESC.*

18. There should be continuation and expansion of employment training programs for rural people who leave agriculture due to choice or unfortunate circumstances. *Refer to MESC.*

19. The Task Force recognizes the value of the following legislative programs and urges their continuation:

   (*a*) Funding for removal of dead, abandoned, and diseased trees.
   (*b*) Funding for housing of seasonal farm labor.
   (*c*) Agricultural sales and the tractor fuel tax exemptions.

20. A fruit site inventory, along the lines of that proposed by the Northwest Michigan RDC project should be made. This involves a scientific evaluation of suitable fruit production sites, with the aim of keepng them available for future fruit production. With the prospect of fruit sites adjacent to the Great Lakes being developed for residential and recreational use, it is imperative that this evaluaton be made and the expansion of the fruit industry assured. We strongly urge funding of this project by the Upper Great Lakes Regional Development Commission through the Soil Conservation Service or the Northwest Michigan RDC project steering committee. *Refer to the Upper Great Lakes Commission.*

21. The Task Force endorses the "Great Lakes Conservation Program" proposal developed by representatives of Michigan's 84 Soil Conservation Districts. This proposal is designed to control sediment pollution in the Great Lakes area. The primary features of the proposal are:

   (*a*) Erosion control;
   (*b*) Contracts with land owners, over a five year period, to control erosion and sedimentation on their land. The contract would include all needed conservation practices;
   (*c*) Cost-share on all conservation measures permitting landowners to adjust operations to control erosion and sedimentation;
   (*d*) Require approval of contract by local Soil Conservation Districts;
   (*e*) Establish recording devices and stations to measure progress; and
   (*f*) Programs would have a ten year life, extendible by Congress.

This proposal has been endorsed by all states in the Great Lakes Basin, except New York and Pennsylvania, which have not as yet had an opportunity to consider it. *Refer to the Department of Natural Resources and the Environmental Quality Advisory Council.*

22. The Task Force recommends continuation of the railway ferry across the Straits of Mackinac. The economy of the Upper Peninsula is dependent upon rail service for shipping farm and farm-related products and for receiving the inputs necessary to its agricultural enterprises. If the ferry service were discontinued, the connecting rail network in the eastern Upper Peninsula would be rendered unless, causing much economic hardship. This would also be the first step to rendering the entire railway network in the Upper Peninsula and northern Lower Peninsula inoperative. Trucking costs around the lakes from Chicago and the Milwaukee area would be prohibitive as would truck costs and bridge toll costs from the lower Michigan area. *Refer to Public Commission and Attorney General.*

23. A significant amount of idle state-owned lands could be used for productive pasture purposes. Therefore, we recommend that a system of renting or leasing of state-owned lands for pasture purposes be considered. *Refer to Department of Natural Resources and Governor's Land Use Commission.*

24. Sometimes materials (pamphlets, etc.) distributed by the Extension Service become out-of-date regarding methods, techniques and products. Efforts should be made to update these, making them relative to modern day farming. *Refer to Cooperative Extension Service.*

GOVERNOR'S TASK FORCE ON THE FUTURE OF AGRICULTURE

RECOMMENDATIONS OF SPECIFIC INTEREST TO THE UPPER PENINSULA

1. The swampland tax on state and federal-owned land is inadequate and should be increased to a level comparable with private payments. Therefore, we recommend that the swampland tax on these state and federal-owned lands be increased to a minimum of 40 cents per acre.

2. A significant amount of idle state-owned lands could be used for productive pasture purposes. Therefore, we recommend that a system of renting or leasing state-owned lands for pasture purposes should be established.

3. A larger laboratory to study dairy herd health should be established in the Upper Peninsula.

4. Woodlots are a valuable natural resource plus being an opportunity for additional income for many farm owners. The Department of Natural Resources should provide more technical assistance to work with individual farm woodlot owners.

5. Increased state support to hire district aides to help in county soil conservation offices should be recommended.

6. A policy should be adopted whereby the state will allow farmers damages for destruction done to farm land by protected species or allow some other type of consideration to be given.

7. The central U.P. beef project supported by federal/state dollars under the asupices of the Great Lakes Commission should be continued. *Refer to Great Lakes Commission.*

8. Appropriate steps should be taken to get more veterinarians in the state.

9. Improved testing/treating/checking procedures such as a fumigation station should be established at the Mackinac Bridge in order to fight the spread of the cereal leaf beetle across the bridge. *Refer to the Department of Agriculture.*

10. Tightened regulation of snowmobiles and all terrain vehicles is necessary

11. Improvement and widening of US–2 and M–28 in the Upper Peninsula should be undertaken instead of building a new, limited access highway across the middle of the U.P.

12. Michigan through the Great Lakes Commission should encourage Wisconsin to improve their highways—particularly US 141 and 41.

13. The Task Force recommends continuation of the railway ferry across the Straits of Mackinac. The economy of the Upper Peninsula is dependent upon rail service for shipping farm and farm related products and for receiving the inputs necessary to its agricultural enterprises. If the ferry service were discontinued, the connecting rail network in the Eastern Upper Peninsula would be rendered useless, causing much economic hardship. This would also be the first step to

rendering the entire railway network in the Upper Peninsula and northern Lower Peninsula inoperative. Trucking costs around the Lakes from Chicago and the Milwaukee area would be prohibitive as would truck costs and bridge toll costs from the lower Michigan area. *Refer to Public Service Commission and Attorney General.*

State of Mississippi,
Executive Department,
Jackson, Miss., July 19, 1971.

Hon. Hubert H. Humphrey,
U.S. Senator, Chairman, Rural Development Subcommittee, Committee on Agriculture and Forestry, Senate Office Building, Washington, D.C.

Dear Senator Humphrey: In response to your recent latter on rural development, I submit the following information relative to the six areas of interest:

(1) In your referring to rural America, I assume that the open country and the towns of less than 2500 constitute that area as defined by the Bureau of the Census.

In considering the problems on rural America, one must recognize first that Americans exercise fully their right of freedom of movement.

In defining such problems, we find that they cover the fields of economics, both agricultural and industrial, social cultural and political. All of these factors result in a population distribution problem. Many Federal programs, based entirely upon Federal control, can claim credit for many of these problems.

(2) The programs creating problems for rural America have helped develop the problems of urban America. Of course, the entire cause of urbanization is not resulting from the rural problems. The open immigration policies which have developed through the years have naturally resulted in further urbanization. Those who have prevailed in developing this policy naturally want more people for prospective voters in the urban areas.

(3) There is, perhaps, a need for a national growth policy, but not just for the purpose of having such a policy. In the development of such a policy, consideration should be given to abolishing some of the Federal programs and policies which have helped to create the current problems.

(4) My experience in dealing with Federal programs aimed at the development and improvement of the rural areas in Mississippi has not been a very happy one. There are so many programs that have created additional problems, or they are so restrictive in nature as to preclude the rural areas from full participation, that I do not have the time to go into detail on them.

(5) Mississippi has been engaged since 1936 in the State program aimed at the development of rural areas. There is hardly a rural community in Mississippi that does not have at least one industrial enterprise that is employing the families who were driven from the farms by the Federal agricultural programs. Our State laws are directed toward helping the rural areas themselves. The laws and State assistance are available to them, and they are motivated by their own desires.

(6) The planning of economic development in Mississippi has benefited from the use of "developmental" planning as opposed to "trend" planning generally utilized on the Federal level. In our planning, we utilize our research and development, our experiment stations, and our various area councils for "developmental" planning.

Sincerely yours,

John Bell Williams,
Governor.

State of Montana,
Office of the Governor,
Helena, Mont., May 13, 1971.

Hon. Hubert Humphrey,
U.S. Senate,
Old Senate Office Building,
Washington, D.C.

Dear Senator Humphrey: I was pleased to receive your letter of April 30, requesting information regarding rural development. Our letters must have crossed in the mail for, on May 7, I wrote to you requesting that Montana be selected for one of your hearings. I trust that it will be possible to schedule such a hearing.

I have prepared overview statements relating to each of the six areas you outlined in your letter. These are attached.

I look forward to meeting with you again in the near future.

Sincerely yours,

FORREST H. ANDERSON,
Governor.

(The attachment is as follows:)

(1) THE PROBLEMS OF RURAL AMERICA

The rural areas of this country are afflicted with a collection of persistent social and economic problems.

Parity is at the lowest level since 1933. Farmers do not receive a fair share of the ultimate consumer prices for food products.

Farm employment has decreased drastically in the last 30 years.

In Montana the agricultural economy is not vertically integrated. Processing and refining facilities have not been established to provide income and employment in the rural areas.

Young people born, raised and educated in rural areas cannot secure employment in their home towns. This has resulted in out migration and a retreat to the already crowded cities.

(2) IMPACT OF RURAL PROBLEMS ON URBAN AMERICA

Rural problems directly affected the urban areas of the country. The decline in employment in rural America has resulted in the concentration of the population of this country along the sea coasts and major inland waterways. Until something is done to develop employment opportunities in rural areas, people will continue to migrate to the cities to seek work. The population will be further concentrated, and urban problems will continue to increase.

(3) NEED FOR A NATIONAL GROWTH POLICY

There is a great need now to redistribute the population of this country to alleviate the pressure on urban areas and revitalize the economy of rural America. Federal, state and local government can assist in this process by developing programs to utilize human and natural resources in rural America.

At the federal level, government facilities such as research centers could be located in rural areas rather than in population centers. This would aid in dispersing the population. The National Governor's Conference adopted a resolution calling for voluntary population distribution.

Federal subsidies to equalize and reduce transportation costs for the agricultural products of the region would be a great benefit to Montana and the other rural states.

Inequitable freight rates is one of the most severe problems affecting the rural economy. For years, the federal government has subsidized the construction of port facilities to develop commerce in the littoral regions of the country. At the same time the availability and cost of transportation has restricted commerce in the interior regions. High freight rates have historically penalized the agricultural producers of Montana, the Plains and Mountain States.

(4) FEDERAL PROGRAMS AIMED AT RURAL DEVELOPMENT

Federal programs are conceived by an Urban oriented Congress. The programs do not adequately apply to the sparsely populated areas of Montana. Funding for action programs is difficult to acquire.

There is no federal program which provides money and credit at reasonable rates in order to increase profit and to develop efficient management.

(5) STATE LAWS AND PROGRAMS AIMED AT RURAL DEVELOPMENT

The State of Montana has a Water Conservancy Law which is aimed in irrigation and water development.

The State Departments of Agriculture, Water Resources, Lands and Investments, Planning and Economic Development and other State Agencies and organizations are striving to improve and initiate new rural development programs, particularly in relation to development of our land and water resources.

(6) EXPERIENCE IN ECONOMIC DEVELOPMENT PLANNING IN MONTANA

In 1969 the Montana Department of Planning and Economic Development was a very small operation. Since that time it has been substantially expanded in an effort to solve our economic problems.

Because planning on any extensive basis has had a relatively short life span in Montana. We lack experience in this field.

The Department of Planning and Economic Development has now encountered funding problems with the State Legislature due to the difficulty of demonstrating the immediate effects of planning.

In Montana the need to develop industry which produces, processes and distributes products with full consideration to the environment is vital. We cannot provide jobs and prevent our people from out-migration until such industry is able to survive in our State.

Low cost transportation is one avenue by which this can be accomplished. Montana's prohibitive freight rates must be eliminated.

STATE OF NEBRASKA,
Lincoln, Nebr., May 27, 1971.

Hon. HUBERT H. HUMPHREY,
Chairman, Rural Development Subcommittee,
U.S. Senate Committee on Agriculture and Forestry,
Washington, D.C.

DEAR SENATOR HUMPHREY: We welcome the opportunity to work with you as Chairman of the Rural Development Subcommittee of the Senate Committee on Agriculture and Forestry.

Increased congressional activity on behalf of the people of rural America is considered most vital to the people of our state since agriculture is our number one industry.

The number one problem in our rural areas is the need for increased income. Many of our problems in employment, better rural living and halting the exodus from rural America could be solved with an improvement in farm income.

The future of agriculture demands that we recruit an impressive number of our most brilliant and talented young people to operate our farms and ranches. Low farm income has caused many of our best prospects in the field of food production to seek other work and a continuation of this route from rural America should be frightening to the consumer.

From an appraisal made by the Nebraska Department of Agriculture, we have estimated that the national economy is losing about $15 billion dollars annually due to underpricing our agricultural production. These are dollars lost annually—never to be recovered for our general economy because we haven't placed agriculture on a par with cost of production and general wages and salaries in business and industry.

We believe the story can be presented to the nation that equitable pricing of agricultural production will not place a burden on the consumer but will furnish new wealth offering a much more realistic program than switching dollars in a revenue sharing plan that provides no new source of revenue. This route utilizing our nation's unchallenged world supremacy in food production can provide a national growth policy.

Many of our recently proposed federal programs aimed at rural areas have only extended the illness without providing a true remedy for our great rural resources.

A problem for rural areas is the lack of processing centers and facilities in the communities where raw agricultural products are produced. Emphasis placed on processing near sources of production could mean a better economy for the rural areas involved.

We must initiate immediately programs of improved marketing, product processing and distribution that will result in increased farm income.

We have proposed that consideration be given to an agriculture board to remove some of the agriculture pricing and planning from politics. We have proposed a non-partisan agriculture board similar in structure to the Federal Reserve Board with the board having broad powers to make decisions on production controls, prices and production regulations in agriculture.

Special attention will be given in Nebraska towards encouraging expansion of industries utilizing our agricultural production.

The farmer and rancher must be given the opportunity to have an income level equal to their counterpart in the cities.

Yours truly,

J. JAMES EXON, *Governor.*

THE STATE OF NEVADA,
EXECUTIVE CHAMBER,
Carson City, Nev., June 24, 1971.

Hon. HUBERT H. HUMPHREY,
U.S. Senator,
U.S. Senate Building,
Washington, D.C.

SENATOR HUMPHREY: I have, with the appropriate members of my cabinet, studied the contents of your letter.

Number one among problems in developing of rural America is the financial problem. Capital for improvement, venture and public service is in short supply in the cities; the conditions are worse in the rural areas.

Something needs to be done to make financing for rural Americans more easily accessible. Presently, funding agencies carrying farm accounts will not realize or accept the fact that the usual account is not eligible for servicing by a local banking agency.

After much hassling, the establishment of need may be resolved, at which time access to FHA financing is available. This appears to put the cart before the horse.

Today's rural economy, primarily agriculture-oriented, is experiencing a continually higher gross income. But the costs of production are rising faster than the gross income, resulting in a lesser percentage of net gain. Obviously, financing then becomes the major problem for the rural producer, hand-in-hand with financing of the crops themselves is financing for capital improvement and/or public services (sewer systems, water development, rural medical facilities, and so forth).

There are several cooperative programs with federal agencies at this time. Most of them, however, are so mired in "red tape" that from planning to consummation an area is fortunate to complete a project within five years.

Streamlining of regulations presently in effect, and future proposals for regulation changes, demand bilateral or multilateral communication, review and acquiescence.

Unilateral regulation changes by the federal government without consultation of the local areas has brought hard feelings, lack of progress and general inefficiency to the system.

The national growth policy must include provisions for retention of people in the rural areas. People needing and seeking employment and/or retraining to remain in the rural area to lessen migratory impact to the already overcrowded urban centers should have highest priority.

An automatic part of this national growth policy would be more jobs in rural area, with better living and working conditions there.

I feel this can best be done on a personal, area-by-area type basis. Generally, unilateral federal regulations have a tendency to inhibit, or prohibit, localized corrective planning and/or action.

It has been our finding in some instances that the Economic Development Administration that EDA rulings are so inflexible as to preclude over half of Nevada's rural counties from even being considered for projects. Additionally, the state is somewhat coerced into "gerrymandering" or at least "hedging" to rearrange districts to be eligible when in actuality help is required.

Of great assistance to our Nevada rural economy would be development of an organized marketing system. While this may be more of a state than a federal problem, it is nonetheless a significant factor in this discussion.

The national interest in "Ecology" may be a fleeting thing, but as a matter of survival, the points being raised in that area must also be considered. We cannot be ignorant of land use in seeking to make a living. Nevada has a great deal of available land, both in federal and state/private ownership. In putting this land to best use, we must consider what we are doing to that land in making it produce for us.

I would look forward to the opportunity to discuss the problems of rural Nevada with you first-hand. While our metropolitan areas of Reno and Las Vegas are widely known, the great expanse of Nevada is little appreciated by those outside the state. I think in a visit to one of our small cities, such as Elko, Winnemucca, Tonopah or Ely, you would see that the setting is far different from the "Heartland" of your great "Land of 10,000 Lakes"—and yet the problems faced by those making their living from the land have a common nature.

Sincerely yours,

MIKE O'CALLAGHAN,
Governor.

STATE OF NEW MEXICO,
OFFICE OF THE GOVERNOR,
Santa Fe, N. Mex., May 26, 1971.

Hon. HUBERT H. HUMPHREY,
U.S. Senate,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR HUMPHREY: Attached is the response to your letter of April 30, 1971 in regard to rural development. I hope this will prove satisfactory.

We look forward to your visit to our State.

Yours truly,

BRUCE KING, *Governor.*

(The response is as follows:)

Question 1.—Your views and opinions as to what the problems of rural America are.

The problems of rural America are manifold, low present levels of education, poor schools, few job opportunities, outmoded transportation systems, few cultural and recreational opportunities, and in many rural areas of New Mexico a language barrier.

(*a*) The mechanization of the farm and high capital requirements have resulted in needing large land areas in order to farm profitably. This makes it nearly impossible for the young man to become a farmer.

These problems extend to the small town as well as the farm. The decline in rural population has also caused the small town to decline in population, services and its tax base.

Low farm prices make the return on a farmer's investment unattractive thus causing many to consider other ways of life.

(*b*) The solution to the rural problem is not more people on the farm, since there is no livelihood for them there. It is rather to keep the small towns, those from 1,000 to 30,000, alive and growing. It means creating in these areas the types of health care, education, cultural advantages, jobs, services, living standards, etc., that are available in metropolitan areas. People now leave the rural areas in order to have these things. Only the infusion of substantial sums of money, both public and private, can provide these essential amenities of life that Americans demand today.

Industry will not locate where there are not adequate services, commercial enterprises cannot survive without customers, hospitals without doctors, theaters without patrons.

Question 2.—Your opinion on the impact of these rural problems on urban America.

The flow of people from the rural areas to the city has resulted in much of the ghetto population in the city. Overgrowth, crowding, pollution and unemployment are increased. Even with these problems many rural residents, particularly young people, continue to migrate to the city. These young Americans may know the city is an undesirable place for many, but they elect to go there rather than face what they see as a certain dead end if they stay in the rural areas.

Nearly all New Mexico's rural areas lost population during the 60's. The state's major city, Albuquerque, has been the destination of many, adding to its problems. Each time Albuquerque has announced the location of a new industry, its unemployment rate has gone up. Much of this increase is the result of rural residents seeking these new jobs in the city.

The resulting losses have decreased the tax base of the small town and forced the urban area to assume an even greater burden of subsidizing rural schools, roads and medical facilities.

Question 3.—The need for a national growth policy.

There should be a national policy and program to help preserve the small town. Continued livelihood for the small town will strengthen the national economy.

In keeping these rural centers alive we will also slow the migration to the big cities, most of which are already overcrowded and unable to provide services already present.

If we are to truly expand the rural economy should we not encourage the relocation by business and industry from the already overcrowded cities? Currently EDA policy is to assist new business to locate in both urban and rural areas. But if an employer decides to relocate from the city to a rural area he is denied some types of federal aid and is often termed a "runaway plant". Naturally, the big cities do not favor encouraging their precious industries to move away. Nevertheless, if expansion in the rural areas and an end to massive migration to the cities is important—and I believe it is—then the creation of jobs in rural areas must be further encouraged. Only when it is national policy, and plainly stated as such, will many businesses make the decisive step into the rural areas.

It is presently national policy to encourage the establishment of new towns—why not make already existing small towns of 10,000 to 40,000 the centers for much of the growth, rather than creating new communities from vacant land. Rural America today contains some 30% of the population—"rural" being defined as outside the census division known as Standard Metropolitan Statistical Areas. It has been estimated that by the year 2,000, only 12% of the population will live in communities of less than 100,000. If we can keep only one out of 10, or 2 million of the next 20 million, in the rural areas the growth would be significant and have marked effect on rural areas.

Question 4.—Your experience in dealing with Federal programs aimed at the development and improvement of the rural areas of your State.

To have a development program of some type seems to be the policy of nearly every federal agency—HEW, HUD, USDA, OEO, EDA, VISTA, etc.—everyone wants to get into the act. While many of these programs are worthwhile, the duplication is enormous. At the same time the red tape is extremely difficult to comprehend. A community that plans to be successful obtaining federal loans or grants must be willing to spend much time and money in getting through the bureaucracy. In fact, to become knowledgeable in federal programs available, a community must hire a full time specialist just to do the paper work. Who does this for the rural areas? Most counties are already hard pressed for funds to pay adequate wages without additional expense. Farmers and other rural groups are hardly knowledgeable enough to do it for themselves.

Oftentimes, federal programs require local matching funds. What of the areas that are too depressed to raise from 20% to 50% of a project's cost? We have areas of the State that are unable to expend funds for their required share of federal aid; for example, Mora County where 55% of the population is already receiving help from the Food Stamp Program. These extremely poor areas should get priority consideration for federal aid regardless of their ability to provide matching funds.

Question 5.—The State laws and State programs aimed at the development of the rural areas of your State.

The New Mexico Department of Development concentrates its entire community development effort on the non-metropolitan areas of the State. This program is almost entirely devoted to towns of 30,000 or less. Emphasis in this program is to bring industry, expand tourism and encourage the community leadership, thus seeking to keep these small towns alive and serving as centers of commerce.

The State's agriculture program has for years sought to advise the farmer on ways to improve his production, introduce new crops and bring other benefits to the farm, both small and large.

New Mexico's economic growth has been largely dictated by the expansion and construction of federal facilities. No other state in the continental U.S. is as dependent upon government as is New Mexico.

Many efforts to plan for economic development have been proposed over the years. All too often the proposal has fallen on deaf ears or been shunted aside in favor of more expedient methods of spending.

New Mexico was late in beginning a state-promoted development program. Through the post war years, it has been feast and famine with some periods of substantial growth and others of serious decline. Through it all, there has not been a coordinated state economic development plan.

Question 6.—Your experience in the planning of the economic development of your State.

My experience in county government, state legislature, as speaker of the house and as Governor has made it clear to me that the biggest problem in trying to put together a meaningful development program is the lack of coordination between state agencies themselves and between State and Federal government. As Governor, I am giving full priority to establishing close liaison between various state agencies that make decisions that effect economic development and my administration is doing all it can to cooperate with the numerous federal agencies. Federal programs are administered along guidelines which do not always take into consideration unique problems encountered by states or areas within states. We need to fit programs to needs, rather than attempting to fit needs to guidelines.

Also, each federal agency operating in the State has its own concept of what the State development policy should be rather than adhering to policies decided by the State itself. Furthermore, these agencies have invested considerable portions of their funding to "research the problem". The problem in New Mexico has already been thoroughly researched.

OFFICE OF THE GOVERNOR,
STATE CAPITOL,
Salem, Oreg., May 24, 1971.

Hon. HUBERT H. HUMPHREY,
Chairman, Senate Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.

DEAR SENATOR HUMPHREY: I very much appreciate being asked by the Senate Rural Development Subcommitee to address myself to the problems and challenges proposed by the eminent stagnation of rural America.

In many ways I believe Oregon is a microcosm of the nation in that this State traditionally has placed heavy reliance upon its agricultural sector. Yet as measured by the increasing number of out-migrants from rural areas each year—particularly of farm youth—the decline of rural Oregon can only be viewed with alarm and deep concern by anyone in the State who recognizes the vital impact of agriculture not only upon our economy, but also upon our social and moral values, as well.

Being as objective as possible, it seems to me that the primary reason for this mass exodus from our rural areas is a simple matter of economics. Rising production costs, shrinking profit margins, escalating land values and concomitant heavy tax burdens, along with a highly volatile and competitive market situation, soon become translated into a grave situation of waning economic opportunity for most farm families.

However, I am convinced that all is not lost. Recent surveys have demonstrated that many who have deserted rural areas in search of fame and fortune in the bright lights of metropolis—only to find squalor, congestion and hopelessness—would gladly return to their old RFD addresses if only economic opportunity were close at hand. If one might reach a judgment based on the Oregon experience, these findings certainly have validity. For many years, large numbers of our most promising young people have migrated out of Oregon in search of broader economic horizons. Only rarely does one confront one of these displaced Oregonians who does not evidence a strong desire to return home—and many have already done so, even at the risk of a substantial loss of income. The lesson to be derived from all this would seem to be that many of us have underestimated the "fringe benefits" attendant with a quality environment in evaluating the total scale of human wants and desires. It would seem that Oregonians and Americans at large are experiencing a new awareness of the fact that some of the most desirable areas in which to live today in this vast land are located squarely in rural America.

A recent article published in the *New York Times* focused on the question of whether or not the large American city as an institution has outlived its usefulness (New York Times, Sunday May 2). Personally, I found the suggested analogy between the modern metropolis and the prehistoric dinosaur highly apropos.

It goes without saying that there is a very direct linkage between the problems—however diverse they may appear on the surface—confronting rural and urban America. The policies which affect one sector almost certainly can be expected to have a profound impact upon the other. We cannot expect to infuse vibrant health into our moribund cities without at the same time maintaining a steady heartbeat in our farms and rural communities.

Having sermonized on the problems, let me now turn to your specific questions.

The experience in Oregon with Federal programs aimed at stimulating agriculture generally has been excellent. The Agricultural Extension Service and a host of programs designed to improve technology and conservation have been instrumental in bringing about incredible production increases and product improvements in Oregon. However, I do feel that perhaps too much emphasis has been placed upon increasing production; too little has been done, in my view, to aid farmers in locating markets for their products. We, in Oregon, could actually double or even triple our farm production. Without markets for this increased output, however, there is no real incentive for doing so. I feel this emphasis on production and technology must be changed.

Federal programs designed to promote economic and industrial development in rural communities have been woefully inadequate. One can argue endlessly over what comes first, jobs or people. I personally feel that we must embark on a broad program to lure industry to the less densely populated areas. A more even distribution of our population will occur naturally once this is done. In the process, both our cities and our rural areas should prosper.

The State of Oregon has embarked upon a bold program which seeks to bring about balanced growth and development of our State. We have attempted to involve local governmental bodies to the fullest extent possible, and to design state programs and organizational structures to facilitate maximum local input. Two years ago, the State was divided into 14 Administrative Districts, each having a local council of government and a planning capability. Legislation contained in the Oregon Statutes stipulates that each District must complete a comprehensive land-use plan by 1971; failing this, the State will step in and do the planning for the District. I cite this emphasis upon planning because I feel it figures importantly in the future growth and development of our state, particularly of our rural areas.

The experience of this Governor in the realm of economic development has been highly revealing in the context of your Committee's area of interest. To a degree perhaps unmatched by any other State, Oregon has rejected the time-honored platitudes and approaches utilized by industrial developers. We have assumed a very low promotional profile in order to protect our enviable environment, and we have enacted the most stringent anti-pollution laws to be found anywhere. We have stressed with the management of prospective industry that they are welcome only if they are willing to assist us in keeping Oregon uniquely Oregon. We have encouraged them to take a hard look at the many desirable areas located outside of the populous Willamette Valley.

To date, we have met with remarkable success in this effort to have our cake and to savor it at the same time. Our experience has demonstrated that increasingly corporate bodies are demonstrating a highly developed corporate conscience. Businessmen today, for the most part, display the same concern for a healthy environment as the larger public. They are discovering also that productivity and profits very often increase with a non-urban location.

We intend to continue to place heavy emphasis upon the orderly development of rural Oregon. The State Economic Development Division, soon to be a part of the Office of the Governor, and the Oregon Department of Agriculture are embarking upon far-reaching programs to discover new marketing opportunities for Oregon farm products, both domestically and abroad. We shall also continue to work closely with local development agencies in attracting new industry. We are heavily committed to programs to stimulate "non-polluting" industries such as tourism and motion picture production.

I would very much welcome a visit by your Committee to Oregon to examine our programs and policies in greater detail. Even if this is not possible, you can be certain that Oregon will follow the workings of the Rural Development Subcommittee with deep interest. We stand ready to assist you in any way possible.

With personal regards.

Sincerely,

TOM MCCALL, *Governor.*

COMMONWEALTH OF PENNSYLVANIA,
OFFICE OF THE GOVERNOR,
Harrisburg, Pa., May 20, 1971.

Hon. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR HUBERT: Note your letter of April 30th regarding your responsibilities as Chairman of the Rural Development Sub-Committee of the Senate Committee on Agriculture and Forestry.

I have asked Pennsylvania Secretary of Agriculture, James McHale, to review the six categories you specify in your letter and to forward the relevant information you requested.

If a regional hearing should be conducted in Pennsylvania on problems of the rural area, we would be delighted to have you. As you know, agriculture is one of Pennsylvania's major industries.

With all good wishes, I am
Sincerely,

MILTON J. SHAPP,
Governor.

(The information is as follows:)

COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF AGRICULTURE,
Harrisburg, Pa., June 21, 1971.

Hon. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: Governor Shapp has asked me to respond to your letter of April 30, 1971. In that letter on page two, you asked six questions. My answers are as follows:

QUESTION I—VIEWS AND OPINIONS AS TO WHAT THE PROBLEMS OF RURAL AMERICA ARE

Answers to question I

A. Low level of farm prices and income, except in World Wars I and II, during the entire period since the War between the States.

B. Deep rooted poverty of long-term duration stemming from unique institutions in the South and the deep land hunger of immigrants to the Northwest, plus our disgraceful handling of the Indians.

C. Unenforced land use policy established by the Homestead Act and the Bureau of Reclamation Act of 1902. Inadequate land use policy and heavy reliance upon real property taxation. Farmers cannot pass on taxes they pay, hence real estate taxes come out of their net income and is grossly regressive in its impact.

D. Over-emphasis by agricultural economists and land grant colleges on production efficiency without thought for environmental and social side effects. Constant teaching and preaching of an illusory free market that in fact existed only for farmers and a few tradesmen, not for the suppliers of farmer's imports. Supply demand market-price to the farmer when all other elements of the economy were administered by private or public regulation and law.

E. Failure of the agricultural colleges and extension services to teach rural people, especially farmers, that participation in politics and influencing governmental action was an absolute necessity for survival.

F. Totally inadequate public transportation, health services, housing, and education in rural areas, resulting directly from the lack of a national balanced growth policy.

G. Almost no institutional structure in law or business operations which provides rural people, especially farmers, with adequate bargaining powers.

H. Lack of adequate availability capital and credit in rural areas, for both farm and non-farm enterprises. We need a large Rural Development Bank and a Land Transfer Bank to improve the Farm Credit System and to recapitalize rural America.

I. For much too long in our history the intellectuals equated farmers with hicks, and both with rural areas. In our headlong plunge to industrialize and to built the great cities, we gave little heed to the teachings of Thomas Jefferson and the examples of Western Europe and the Orient. We gave little or no thought to what we were building in the almost unplanned cities, but we gave even less thought to what we were doing to the lands and the people in rural areas; to people of the Nation as a whole. Instead of building upon the start we made in the Homestead Act to formulate a national policy of uniform geographic distribution of economic opportunity and of population, we worshipped at the false idol of bigness; we pointed to the age-long flight of people from the land as Progress with a capital P.

The daily papers tell in screaming headlines of the disastrous results of such a policy in the centers of the great cities. Seldom is there a headline about even more severe, though more silent, human hopelessness and personal tragedies tied up in the forces that we allow to shove us along the path of rural decline.

J. National policies, without any real deliberate thought, in atomistic fashion combined in their effects to load the economic dice against the small town and the open countryside. The intellectuals told us that everyone back to the Greeks knew that the cities are the fountainhead of culture, forgetting that civilized man had his genus and his rooting in the land and in rural areas.

So we made transportation laws, all favoring locating new economic activity in already large cities and discriminating against rural locations. We made communications policies that forced location of jobs and installations in the already large cities. We made governmental decisions about where to locate new government operations, always locating them at the transportation and communications hub in the false name of efficiency, thus contributing still further to population impaction and decline of rural communities that were bypassed. We made decisions about the expenditure of Federal funds and State government funds—all based on the theory that to build great cities is to have progress, never stopping to add up what the total effect of this resulting population maldistribution was going to have on our country.

K. Long-term adverse trends in agriculture—all tending to reduce farmer's bargaining power in the marketplace and tending to reduce the manpower needed to produce food and fiber—and a complete failure to make provision for rural industrialization, for rural location of government institutions and buildings and payrolls, a complete failure to provide for rural public works—meaning that those no longer "needed" in farming had no where else to go except to the welfare rolls in big cities. We have been every bit as thoughtless in our cavalier disregard of the social and geographic consequences of working out our coal mines, our forests, and our mineral deposits. Instead of adopting and implementing policies that would maintain and build stable prosperous rural neighborhoods and communities and small cities and towns, our Nation encouraged the buccaneers to go heedlessly forward building one boom town after another and then abandoning them—leaving behind in their wake the debris and misery of the "Forgotten Village."

The basic trouble in rural America today, is that the Nation did not, since the 1880's, follow-up on the Homestead Law and continue to develop and pursue a rational balanced national growth policy that would have prevented the current problems of too sparse a population in rural America and the pollution of overcrowding in the megalopolises. What's wrong in rural America is that, as a Nation, we did not put political and financial muscle behind what is occasionally called the "American Right to Freedom in Choice of a Place to Live and Work", without political harassment or economic punishment.

QUESTION II—OPINION ON THE IMPACT OF THESE RURAL PROBLEMS ON URBAN AMERICA

Answers to question II

A. Overcrowding of cities with millions of uneducated, poorly trained, unadaptable, unemployable human beings.

B. The overcrowding and the inability of the cities to absorb such a large number helped bring about "Watts" and many other riots.

C. The depression since 1952 of the rural areas has finally brought depression to the cities. Although the artificial pump priming of war industry and related industries postponed the depression in many urban areas, the farm depression is now showing up in the cities.

D. High regressive real property taxes have forced rural people to oppose progressive measures that would have helped preserve the current urban crisis.

E. If national policy and programs based upon a rational policy of balanced growth had been implemented and rural America had been preserved and enhanced as an attractive, prosperous place to live and work, we would not have forced the people off the land and we would have given the burgeoning city population a place in which to move.

QUESTION III—THE NEED FOR A NATIONAL GROWTH POLICY

Answers to question III

A. A national growth policy needs to include the following:

1. Population redistribution.
2. Recapitalization and revitalization of rural America.
3. Building an integrated public transportation system which will move people and things in large numbers and quantities at high speed and at low prices. The need for economical mass transportation for the rural aging and the rural poor is particularly pressing and nobody is doing anything about it. It should be properly subsidized if necessary.
4. Eliminate causes of rural poverty.
5. Eliminate pollution and contamination.
6. A guaranteed annual income for all Americans and a job for all who are able and willing to work.
7. A public service employment and retraining program to guarantee all Americans the *right to a job* who are able, willing, and seeking work. Their pay should be the standard going scale of pay for the work performed or the Federal minimum hourly wage rate—whichever is higher.
8. Establishment of national priorities to achieve national goals that will enrich every American's quality of living in material, cultural, and spiritual aspects.
9. A planned relocation of present industries and location of new industries to emphasize and encourage population redistribution.

QUESTION IV—EXPERIENCE IN DEALING WITH FEDERAL PROGRAMS AIMED AT THE DEVELOPMENT AND IMPROVEMENT OF THE RURAL AREA IN THE STATE

Answers to question IV

A. Too little money put into them, either as investments or loans.

B. Farm program operated to the benefit of the larger and well-capitalized farmer and to the disadvantage of the family farmer and the part-time farmer.

C. Too many administrators of Federal rural programs are not now and have not been philosophically in tune with the objectives of the programs they are administering.

D. Too much effort to reshape old programs so that the power structure of the administering bureaucracy can be kept intact. Nothing really new or innovative about most of the programs.

E. In the last 50 years, $100 Billion in young people has been taken out of rural America; $150 Billion has been out of rural America by those who have through administration and monopoly practices kept prices low to farmers and kept income low to rural people. Hence, a $250 billion investment is required to revitalize, recapitalize, and repopulate rural America.

QUESTION V—STATE LAWS AND STATE PROGRAMS AIMED AT THE DEVELOPMENT OF THE RURAL AREAS OF THE STATE

Answer to question V

Practically NONE since Governor Pinchot. Governor Shapp's Administration is committed to rural development, public service employment, as well as industrial development for jobs in high-poverty, low-income areas. The programs instituted by progressive administrations were city oriented—not oriented toward balanced growth in rural areas.

QUESTION VI—EXPERIENCE IN THE PLANNING OF THE ECONOMIC DEVELOPMENT IN THE STATE

Answer to question VI

A State Planning Board dedicated to planning for the "haves" and to keep things that way. Governor Shapp has announced that he will abolish the State Planning Board. Pennsylvania has a myriad of overlapping State, Federal, Regional, County, and Community planning agencies, plus thousands of private planners. Many or most of them are in a competitive struggle for political and social power. Pennsylvania is probably the most over-organized state in the the Union and the result is practically no organization at all—overlapping and conflicting boundaries and groupings that exceeded two dozen at last count, and in none of them are provisions made to hear the rural voice to consider rural aspirations and needs in the decision-making process. Pennsylvania plans to straighten some of this out in the years ahead, but we ask and need the help of legislation that your Sub-Committee will sponsor.

Until Governor Shapp came into office, there had been no political follow-through by the Executive or Legislative branches of government.

Until Governor Shapp took office the power structure of the economic development planning had been controlled by those who now control economic development for the private utilities, the banks, insurance companies, the steel industry, the agricultural processors, and other big businesses.

Our experience indicates that multi-county planning and development will work, even with all the handicaps of the confusing multiplicity of districts that have been allowed to develop in Pennsylvania. What is needed in Pennsylvania is a clear national policy beacon, a rationalization of conflicting and confusing district planning and development jurisdiction, which apparently developed as the personal preserve of the inner sanctum of the power structure, and which does not include most rural folks, and a double-determined effort to help and enable rural people to make certain that their voices are heard in the planning and decision-making that does take place.

We in Pennsylvania already have more harness than we need, and probably more payrollers. What we need is loan money and investment to recapitalize and revitalize rural Pennsylvania, a clear Federal and State policy that rural areas are to be favored to catch up for lost time in the location of government installations, incentive funds for rural industrialization, grants for public and private community facilities for improving the quality of education, health, welfare, law enforcement, and other community services, and Federal financial backing for inauguration and operation of a "last resort" public employment program.

I wish to add my invitation to that of Governor Shapp to you and your Committee to come to Pennsylvania to hold hearings on rural development.

I send my kindest personal regards.

Respectfully,

JAMES A. MCHALE,
Secretary.

STATE OF SOUTH CAROLINA,
OFFICE OF THE GOVERNOR,
Columbia, S.C., May 28, 1971.

Hon. HUBERT H. HUMPHREY,
Committee on Agriculture and Forestry,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: Thank you for your letter of April 30 regarding an amendment to H.R. 18546, the Agricultural Act of 1970. As Governor of a state which remains 50% rural I am keenly interested in a national growth policy which would embrace the states of rural America. I am delighted to learn that you are serving as Chairman of the Rural Development Subcommittee of the Senate Committee on Agriculture and Forestry and I am confident that you will provide valuable legislation in this regard. The fact that you are seeking the opinions of governors directly involved in these problems indicates to me that you are taking a positive and realistic approach to this problem.

In order that I may respond in a meaningful way to the questions presented in your letter, I am calling upon various qualified state personnel to respond to them for me. After receiving their input I shall be delighted to supply you with a presentation of South Carolina's experience and position on these matters. I hope that the time-frame of your investigation will permit me to develop this type of response for your benefit. If not, please let me know and I shall be pleased to respond in a more general manner to your questions. I would, of course, be delighted to have your subcommittee visit South Carolina, and I look forward to hearing from you regarding the possibility of a regional hearing in or near our state.

Sincerely,

JOHN C. WEST, *Governor.*

Commonwealth of Pennsylvania,
Office of the Governor,
Harrisburg, Pa., June 23, 1971.

Hon. Hubert H. Humphrey,
U.S. Senate,
Washington, D.C.

Dear Hubert: I have just learned from Pennsylvania Secretary of Agriculture, James McHale, that as Chairman of the Rural Development Subcommittee of the Senate Committee on Agriculture and Forestry you are holding hearings outside of Washington, D.C.

I am pleased to hear of the aggressive action your Subcommittee is taking on this situation, and Pennsylvania is willing to cooperate in every way to help develop the necessary factors and policy guidelines regarding rural America and its relation to our urban centers.

I extend a personal invitation to you and your Subcommittee to hold one of your hearings in the Commonwealth of Pennsylvania.

Enclosed are some fact sheets on rural Pennsylvania for your general background information.

With all good wishes, I am

Sincerely,

Milton J. Shapp,
Governor.

(The information is as follows:)

FACTS ON RURAL PENNSYLVANIA

Introduction

The amplification of the social-economic problems associated with the urban area has all but obscured concern about these same general problems and the lack of many services in Rural Pennsylvania. Contrary to everyone's belief, Pennsylvania is rural, having a reported 3,200,000 persons delineated as rural. This would rank Pennsylvania first in size of rural population in the United States. With this enormity in size of rural people, comes all the problems normally associated with rural America. Poverty, ill health, unemployment, poor housing, and inadequate educational opportunities are the major problems which directly effect the forgotten people, the Rural Pennsylvanian. Migration in Rural Pennsylvania has also had its toll, bringing problems to the rural area, unlike those of our urban areas.

The widespread migration of Rural Pennsylvania during the past decade into the urban areas, is due to the lack of sound rural development. It is further founded that there is widespread unemployment among rural people, especially older people, and there is a lack of means for rural governments to carry out plans which they have developed to help solve the problem of rural development. There is a definite need to rehabilitate, revitalize, and recapitalize the rural community of Pennsylvania.

Background data

The total population of the United States increased by about 24 million people between 1960 and 1970. Pennsylvania was the largest "exporter" of population with a net out-migration of nearly 400,000 people during the same period. Of this 400,000 people, 350,000 migrated out of the state from the central, non-urban areas (Non-Appalachia) of the Commonwealth.

Poverty is not peculiar to the black ghetto of our urban areas. Thirty-five percent of all the poor Pennsylvania families living below the poverty level are rural, not urban. As a matter of fact, 88% of these families are white.

Unemployment, as a factor in Pennsylvania has lost 217,000 jobs since 1950, in coal mining, railroads, agriculture, and primary metals. A study by the State Department of Commerce, covering the years 1958 to 1965 reveals that over 90% of the state manufacturing employment in 1965 were industries that grow more slowly in Pennsylvania than they do in the nation.

In 1969, 27 out of the 67 counties in the state reported unemployment rates greater than 5 percent, while 17 had rates greater than 6.5 percent. Many of those counties reporting were classed as rural not urban. Rural poverty accompanies unemployment. Tables 1, 2, and 3 demonstrate the extent of poverty in Pennsylvania.

TABLE 1.—FAMILY POVERTY IN 1966: PENNSYLVANIA

	(1) All families	(1) Percent	(2) Poor families	(2) Percent	Column (2) as percent of column (1)
Appalachian Pennsylvania	1, 525, 759	50. 8	250, 343	59. 8	16. 3
Non-Appalachian Pennsylvania	1, 476, 136	49. 2	169, 018	40. 2	11. 4
Total	3, 001, 895	100. 0	419, 361	100. 0	13. 9

Source: Appalachian Regional Commission.

TABLE 2.—SELECTED CHARACTERISTICS OF ALL FAMILIES AND POOR FAMILIES IN PENNSYLVANIA, 1969

Selected characteristics	Number of families (thousands)		Percent of total	
	All families	Poor families	All families	Poor families
Total	2, 903	488	100	100
Color of family:				
White	2, 713	427	93	88
Nonwhite	190	61	7	12
Residence of family:				
Rural farm	87	29	30	6
Rural nonfarm	725	140	25	29
Urban	2, 091	319	45	65
Sex of head:				
Male	2, 614	362	90	74
Female	289	126	10	26
Age of head:				
Under 35 years	651	99	22	20
35 to 44 years	714	74	25	13
45 to 64 years	1, 123	146	39	30
65 years and over	415	169	14	37
Earners in family:				
None	229	192	8	39
1	1, 443	230	50	47
2 or more	1, 231	66	42	14

Source: Appalachian Regional Commission.

TABLE 3.—PENNSYLVANIA COUNTIES WITH LARGEST NUMBER OF POVERTY FAMILIES, 1966

County	All families	Families in poverty	
		Number	Percent of total
Philadelphia (Non-Appalachian)	515, 175	74, 185	14. 4
Allegheny (Appalachian)	422, 199	47, 708	11. 3
Luzerne (Appalachain)	87, 958	18, 647	21. 2
Westmoreland (Appalachian)	93, 828	13, 417	14. 3
Lackawanna (Appalachian)	59, 347	11, 276	19. 0
Fayette (Appalachian)	40, 280	11, 117	27. 6
Delaware (Non-Appalachian)	153, 277	10, 576	6. 9
Cambria (Appalachian)	49, 836	11, 064	22. 2
Lancaster (Non-Appalachian)	76, 714	9, 589	12. 5
Schuylkill (Appalachian)	43, 803	9, 374	21. 4
Erie (Appalachian)	66, 300	8, 884	13. 4
Berks (Non-Appalachian)	80, 096	8, 811	11. 0
Washington (Appalachian)	56, 629	8, 777	15. 5
York (Non-Appalachian)	68, 836	8, 604	12. 5
Montgomery (Non-Appalachian)	150, 637	8, 436	5. 6
Dauphin (Non-Appalachian)	59, 860	8, 141	13. 6
Subtotal	2, 024, 775	268, 606	
All other counties	977, 120	150, 755	
Grand total	3, 001, 895	419, 361	13. 9

Source: Appalachian Regional Commission.

State of Tennessee,
Nashville, Tenn., June 18, 1971.

Hon. **Hubert H. Humphrey,**
Committee on Agriculture and Forestry,
U.S. Senate,
Washington, D.C.

Dear Senator Humphrey: I am pleased to have the opportunity to respond to the several questions raised in your letter concerning rural development.

The problems of rural America are many and varied, but basically I feel most of them are related to the general loss of economic viability as this country has moved further toward an industrial-service economy. We find ourselves now with a rural population that cannot be adequately supported with the traditional agriculture and mining base, along with more recent low-wage labor intensive industries. As a result, almost all of the socio-economic indicators are substantially lower for rural America than the national average.

Although the rural migration to large metropolitan areas has begun to slow over the past decade, it is still continuing at a rate that is increasingly compounding the problems of our large urban areas. With this and other strong interrelationships that exist between urban and rural America, we need to take care against developing a program exclusively for rural development and another for urban areas. What is needed is a national growth policy with the context of a national development program. This matter needs to be given high priority in order that we can better assure a more healthy and balanced growth pattern for the country in the future.

In dealing with a number of existing Federal programs related to rural development, I am concerned with the degree of overlapping responsibilities and the conflicts that exist in the strategies for development. These strategies vary from what is known as the "worse-first" concept to that of making concentrated investments in growth areas. It seems evident that we will not receive the full benefit of public funds invested in development programs until a more uniform strategy for development is instituted.

We are presently taking a hard look at our own role in overall development in order to maximize the efforts of the State. We look forward to working with your Rural Development Subcommittee in the future.

Sincerely,

Winfield Dunn, ***Governor.***

State of Texas,
Austin, Tex., June 17, 1971.

Hon. **Hubert Humphrey,**
Rural Development Subcommittee,
Senate Office Building, Washington, D.C.

Dear Senator Humphrey: I welcome this opportunity to comment on some of the problems facing rural America. Revitalization of our rural communities and small towns is one of the most critical domestic problems confronting our people. Those who live in decaying rural areas are suffering as much as the victims of the critical conditions in the urban centers. It is a high compliment that your colleagues have called upon you to act as Chairman of the Subcommittee responsible for tackling a governmental problem of such magnitude.

It is my pleasure to invite you to conduct a hearing of your Subcommittee in this state. Programs and systems that we have established have enabled us to make an encouraging start in enabling rural communities to utilize the resources of state government in their efforts to enhance the quality of living.

An examination of a map showing the migration pattern during the past decade demonstrates graphically the population shift from the center of the country outward toward the coastal states. Despite this pattern, all of the continental states experienced loss of population in some areas.

Texas was no exception in its loss of rural population. An examination of the final population count, as released by the Bureau of the Census, shows some interesting facts. It shows that Texas is urbanizing dramatically. While the population of Texas increased by 16.9% during the decade 1960–70, the Bureau of the Census reports that eight out of ten Texans now live in an urban area, as defined by the Bureau of Census. The population of the ten largest cities country outward toward the coastal states. Despite this pattern, all of the conti- increased by more than 20%. Despite the fact that there are 23 SMSA's in Texas, 27.9% of the people of Texas live in one of the four largest cities—Dallas, Fort Worth, Houston, and San Antonio.

This urban growth has taken its toll on the rural areas. During the past decade 51.5% of the 254 counties in Texas lost population and more than 41% have lost population for the past two decades. This migration—rural to urban—has placed a severe strain on the economy of the rural areas. Residents, with skills which heretofore could be beneficially used in a rural economy, have migrated to urban centers in search of improved livelihood and personal fulfillment. However, they have found their skills inadequate for the urban setting and their very presence has compounded the problems of unemployment, housing, transportation, welfare costs, and over-crowded schools. Both the losers and gainers of population have suffered from this population shift.

Recognizing the problems of rural and urban areas are not mutually exclusive but are, in fact, the same problems seen from different points of view, Texas undertook a program of stimulating rural and small urban centers. Our's was no misty-eyed idea that we could reverse the migration pattern but, rather, a more pragmatic position of giving people a choice of where to live, to work and to play.

Emphasis was placed on two concepts of a program for orderly growth. The first was Goals for Texas. This was an attempt to determine local goals and objectives—at the grass-root level—and to match these with goals and objectives at the state level in order that the State could respond and fulfill successfully local goals. The second was an attempt to revitalize communities under 12,000 and to develop them into viable communities.

In May of 1970, I appointed the Urban Development Commission, a group of a hundred dedicated and knowledgeable Texans who addressed themselves to the problems facing local government in our State. Their outstanding work has resulted in much needed legislative changes, designed to give relief to the hard-pressed rural and urban areas.

Texas has been singularly blessed by having 4,370 plants locate within its borders during the past ten years. Space was no problem as we had an abundance of vacant land. Time seemed to be on the side of Texas, as we are relatively young as an industrial state. However, the rapidity with which we are urbanizing and industrializing brings into sharp focus the need for immediate attention to some of the problems accompanying industrial growth. For example, only 9.1% of the plants located in an area which was not a SMSA or a county adjoining a SMSA. Dispersal of industrial plant location into less congested areas could relieve some of the pressure on urban centers.

Texas has not been the only advocate of orderly growth and development. This matter has been of concern to the Governors of the 50 states and the territories. As Chairman of the Rural and Urban Affairs Committee of both the National Governors' Conference and the Southern Governors' Conference, I have joined with other Governors in advocating the development and immediate implementation of a National Population Growth Policy. It is my conviction that it is essential that the efforts and resources of all levels of government and the private sector must be unified and utilized in a total effort to assure orderly growth. Maximum benefits will accrue only if the capabilities and needs of the several states are taken into consideration. They must be allowed to respond and provide assistance to every section, to all segments of their population in accordance with their goals and objectives. While our needs are great, our total resources are many and, if properly matched and utilized fully, we can truly provide havens of tranquility for our people who are searching for a place where they can devote themselves to the attainment of a full and rewarding life.

I would like to have the privilege of providing additional information when you hold a hearing in this area.

With kindest personal regards, I am

Sincerely,

PRESTON SMITH,
Governor.

COMMONWEALTH OF VIRGINIA,
OFFICE OF THE GOVERNOR,
Richmond, Va., May 12, 1971.

Hon. HUBERT H. HUMPHREY,
Rural Development Subcommittee,
U.S. Senate, Washington, D.C.

DEAR SENATOR HUMPHREY: I have received your letter requesting our comments concerning problems of economic development and social improvement of rural areas, and commend you on the attention being given toward helping to establish a sound balance between rural and urban America.

We shall be pleased to provide you with the information requested as soon as we have been able to give appropriate consideration to the questions you have asked. We genuinely appreciate this opportunity to comment and shall be pleased to assist in any way possible.

Cordially,

Linwood Holton,
Governor.

Commonwealth of Virginia,
Governor's Office,
Richmond, Va., June 7, 1971.

Hon. Hubert H. Humphrey,
Rural Development Subcommittee,
U.S. Senate,
Washington, D.C.

Dear Senator Humphrey: We appreciate the opportunity to comment on the work of your subcommittee in response to your inquiry concerning rural development in Virginia. The development of our rural areas offers great hope in achieving a rural-urban population balance.

We have just recently completed two significant and comprehensive studies on rural needs in Virginia. Both the Commission of the Industry of Agriculture report on "Opportunities for Virginia Agriculture" and the Rural Affairs Study Commission report delineate the major problems in our rural economic and social life. Copies of each of these reports are being sent to you for your use, along with a copy of a publication by our Division of Industrial Development entitled "Virginia Facts and Figures." These three publications provide a number of answers to the six items which you have set forth in your letter to me.

In further response to the six questions you have raised:

The vitality of our rural communities is more directly tied to the economic health of our industry of agriculture than is true for more urban areas of the state. One very real challenge in our rural areas is to strengthen the income levels of our farmers.

We recognize, too, that the changing agricultural production technology, requiring less manpower, has brought about a displacement of many of our rural people. Many of the best young minds in our rural areas have moved to the more urbanized communities and until relatively recently has resulted in a net population loss in many counties. Fortunately, in Virginia this trend was reversed during the 1960's and continues to reverse itself today through a program of statewide development.

A major problem in rural America today is the lack of adequate access to essential services. These primarily include quality education, health care, and community facilities such as water, sewerage, libraries and other cultural opportunities. Progress is being made in providing water and sewerage services through the grant and loan programs of the Farmers Home Administration, but more needs to be done.

There is little question that rural problems are having a significant impact on urban America. Even though the out migration from rural to urban areas was relatively less between 1960–1970 as compared to 1950–1960, the migration is still resulting in additions to urban areas that are not prepared to receive them and in rural communities losing some of their best leadership talent.

In my opinion, there is need for a national growth policy that will help rural America share in a greater portion of the Nation's population and economic growth. In your study of a national growth policy, you may wish to give attention to the present efforts toward encouraging family planning and place a high priority on efforts to provide access to the essential services in rural America that will make it possible for people to choose rural America as a place to work and to live.

In dealing with Federal programs, I believe that the Federal programs should and can be best coordinated at the state level, in harmony with state and local plans. In past this has not always been the case. Programs which have followed the procedures now set forth in A–95 review process have achieved this goal. The A–95 review process will not enable us to give greater attention to the goals and the objectives of the state and area planning agencies.

In response to item #5, a joint resolution was passed by our General Assembly stating that where feasible state efforts should encourage rural-urban balance. The Virginia Area Development Act of 1968 is designed to help all areas of the state by allowing local governments to form planning district commissions for the purpose of planning for the development of our human, economic, and natural resources.

State programs which affect rural development include:

1. The interstate highway system together with our arterial network of interconnecting four lane highways brings modern transportation to most of our rural communities in the state.

2. Our industrial development program from 1960–1970 resulted in about 35 percent of our new or expanding industries being located in or near our rural communities having 20 percent of the state's population.

3. Our Conservation, Small Watersheds Flood Prevention and Area Development Fund provides additional state financial resources to assist rural communities in developing their water resources, largely in conjunction with the investment of federal funds in the Public Law 566 and Public Law 534 projects.

4. Virginia's system of community colleges offers an additional opportunity for continued education and training within driving distance of every boy and girl in the state. Enrollment has grown from 7,500 in 1966 to 39,765 for the 1970–71 year.

5. Many of the programs of our State Department of Agriculture and Commerce are designed to stimulate and to protect our industry of agricultural economy, such as the development of new markets through our International Trade Development program for agriculture.

6. The 1970 General Assembly established a Virginia Housing Study Commission to explore and recommend ways to improve the housing situation in Virginia, particularly in our rural areas.

7. The Cooperative Extension Service continues to develop and provide educational programs designed to assist rural communities in their development.

Our experience in the planning of the economic development of Virginia has indeed been gratifying, but we have not done nearly enough. I believe that the new thrust through the area planning districts, supported by state funds, is an effort to attack problems and to capitalize on opportunities on a regional basis. This approach should enable our local governments to do jointly what many have found impossible or extremely difficult to do alone.

We shall be glad to expand further on the information which we are sending you should it be desired.

Cordially yours,

LINWOOD HOLTON,
Governor.

STATE OF WASHINGTON,
OFFICE OF THE GOVERNOR,
Olympia, Wash., May 21, 1971.

Hon. HUBERT H. HUMPHREY,
U.S. Senator,
Chairman, Rural Development Subcommittee,
Senate Committee on Agriculture,
Washington, D.C.

DEAR SENATOR HUMPHREY: Enactment by the Congress of Title IX of the Agricultural Act of 1970 was of particular interest in the State of Washington because it commits the Federal government to a course of action similarly charted for this state by two citizen task forces and endorsed by my administration.

I will of course be most happy to cooperate in every way with the Rural Development Subcommittee.

Your letter of April 30 requests information in six specific areas.

(1) "... the problems of rural America ...".

(2) "... the impact ... of these ... on urban America ...".

In 1969, the Governor's Advisory Council on Urban Affairs recognized the inter-relation of urban and rural problems and recommended the creation of a parallel Governor's Task Force on Rural Affairs. The attached report of the Task Force and summary of its principal recommendations cover my views on these two areas.

(3) "The need for a national growth policy."

I fully endorse the concept of a sound balance between rural and urban America and the proposition that it can be achieved only through a national growth policy supplemented by similar policies at state and local levels.

(4) "Experience in dealing with Federal programs . . .".

As noted previously, Federal and State efforts have followed parallel paths and from the inception of each they have been developed so as to coordinate them as much as possible. Currently, the U.S. Department of Agriculture's State of Washington Committee for Rural Development includes representatives of six major state agencies.

(5) ". . . State laws and State programs aimed at . . . rural areas."

(6) ". . . experience in the planning of the economic development. . . "

I believe these questions can best be answered by explaining that two state agencies, the Department of Commerce and Economic Development and the Planning and Community Affairs Agency, have responsibility in this area. The latter agency was created at my request by the State Legislature. Each of the agencies is actively engaged in the areas in which your subcommittee is interested.

I sincerely hope the Subcommitee will schedule a regional hearing in this state or in the Northwest. In that event, all the experience and information of the State of Washington agencies will be put at your disposal.

Sincerely,

DANIEL J. EVANS, *Governor.*

(The summary of the Task Force's report is as follows:)

GOVERNOR'S TASK FORCE ON RURAL AFFAIRS

Principal recommendations of the four subcommittees of the Task Force:

RURAL-URBAN POPULATION SHIFTS

1. A program by state government to encourage the location of new industries outside the major urban areas.
2. A program by the state government to encourage the diversification of agriculture by assisting in irrigation development and through the expansion of agriculturally-related business and industry.
3. Enactment of a farm labor relations act to provide the framework needed to resolve equitably farm labor disputes.

GOVERNMENTAL STRUCTURE

1. Enactment of legislation to reduce the number of special taxing districts and to revise county boundaries with the objectives of increasing efficiency and responsiveness of local government.
2. Enactment of legislation to require counties and cities to enact land-use regulations.
3. Restructuring the organizational form of county government to that of the "strong executive form."

HEALTH, HOUSING, AND ENVIRONMENT

1. Creation by the state government of a housing corporation to develop a comprehensive approach to the housing problem.
2. Restructuring public health services, with emphasis on redefining the responsibilities of state and local health departments, and upon consolidating health districts to maximize services.
3. Increased involvement by para-professionals in the delivery of health care.

PUBLIC SERVICES

1. Development of standards to measure the quality of education on a wider basis than size.
2. Improved communication to assist the delivery of education and health services to the disadvantaged.
3. Establishment of "focal points of information and coordination"—in effect, referral and communication centers—to improve the efficiency and coordination of publicly-supported services.

STATE OF WEST VIRGINIA,
DEPARTMENT OF AGRICULTURE,
Charleston, W. Va., June 30, 1971.

Hon. HUBERT H. HUMPHREY,
Chairman, Rural Development Subcommittee,
U.S. Senate, Washington, D.C.

DEAR SENATOR HUMPHREY: I appreciate very much your giving me an opportunity to review and comment upon your proposed Rural Development Financial Resources Act of 1971.

Due to the fact that I anticipate time is of the essence and the fact that this has just come to my attention, I have hurriedly scanned this proposed legislation and have not had the opportunity for my staff to give me their comment, I will give you my first reaction.

I think your idea is very good because I have recognized the vacuum that we presently have wherein agri-business development money has not been available to us for the little industries and the large as well, to secure monies from present sources. Whether you realize it or not, most of the State Departments of Agriculture in this country are very much involved in working with industry in locating in rural or underdeveloped localities. Also, may I point out that the old Rural Rehabilitaiton Act of 1934 is still kicking around and the funds that were initially appropriated to this corporation have now been pretty generally placed under the control of the State Departments of Agriculture in the various states. This is true here in West Virginia, as I manage these funds and I'm making them available to agriculture here in West Virginia on a loan-basis.

This brings me to my next point, which I would urge your most careful consideration in your legislation and that is that you include the local people in the screening process for these loans or placing a priority upon the monies that might be available. There have been times when we have found ourself with a live prospect but have been unable to get the attention of the lending institutions or even the opportunity of presenting the facts to show why we consider his particular application important to a geographical region. I know this may sound personal but I think it would be important that the act recognize the State Departments of Agriculture and the head of this department in the state governing body. I don't think you will find anyone any closer to the conditions and situations in any given state than the heads of your State Departments of Agriculture. If you would care for me to elaborate further upon this, I would be most happy to do so at your convenience.

Again, my thanks to you for permitting me to voice my thoughts.

With kindest personal regards, I am

Very truly yours,

GUS R. DOUGLASS,
Commissioner of Agriculture.

STATE OF WISCONSIN,
OFFICE OF THE GOVERNOR,
Madison, Wis., May 21, 1971.

Hon. HUBERT H. HUMPHREY,
Chairman, Rural Development Subcommittee,
U.S. Senate, Washington, D.C.

DEAR SENATOR HUMPHREY: I am pleased to know that the Congress is giving high priority to the revitalization and development of rural areas. The problems of rural America are, in a real sense, the problems of all America. However, some problems involving rural America will be unique to a particular state or region.

Perhaps the greatest single problem facing rural Wisconsin has been the outmigration of young people resulting in community deterioration. But, in addition to this outmigration of the young, there has been an exodus of the unskilled laborer to urban areas, where he helps to glut the unskilled labor pool and add to the housing and social problems of the central city.

For those who remain in the rural community the problems have become *equally* burdensome. The critical areas of concern include:

1. Skyrocketing property taxes for the declining number of rural residents who simply do not have the economic capability of carrying the added load. There is an urgent need for property tax relief in *both* urban and rural Wisconsin. Wisconsin is clearly one of the "quality" states of the nation, in terms of desire for excellence in public services and the effort has called for a high level of taxation.

2. We are witnessing the decline of many small towns and villages, reflecting low income by farmers and a lack of employment opportunities in rural areas.

3. Poverty is not a phenomenon unique only to the city. Rural areas, too, have pockets of poverty as reflected by inadequate housing and unemployment. Adequate credit, and social and welfare services must continue to be provided.

4. Environmental concerns are increasing and rural Wisconsin is caught in the waste disposal squeeze. This includes problems of animal waste disposal in areas of high cattle population and human waste disposal, where often there is a complete lack of sewage treatment facilities, or at best, such facilities are inadequate.

5. Greater attention must be given to a sound, far-reaching land use policy. State, regional and local planning have progressed, but much still remains to be accomplished. Preservation of prime agricultural land is a matter of growing concern and the need for planned growth, including sound and sensible zoning requirements, is essential.

6. In 37 of the state's 72 counties there has been an outmigration during the past decade. Many of these areas with a smaller population base have become less attractive for those who provide professional and technical services. As a result in many rural Wisconsin communities we find a shortage of physicians and dentists, inadequate veterinary service, a shortage of service and repair technicians, and inadequate police and fire protective services.

7. We have always supported the family farm concept. The strength and viability of our agriculture must continue to be based upon the maintenance of that kind of attractive economic climate that will preserve and enhance family farm operations. Depressed farm prices in the face of ever-rising, inflationary costs is unbearable.

8. Trends in Wisconsin educational programs generally have been favorable. However, rural development efforts could be enhanced by relevant training and re-training programs so that rural residents can be better equipped to meet both their vocational and social needs.

By and large, state laws and state programs designed to develop rural areas have been sound in purpose and general goals. However, some programs have involved massive research and planning yet, limited positive action. Inadequate or short run funding and inflexibility have been key factors in limiting the value of some programs.

We do not need new programs to strengthen rural development, but rather we need better coordination and re-orientation of existing programs. More cooperation and exchange of expertise between agencies may pay large dividends be reducing duplication and planning time, resulting in more rapid action.

For example, here in Wisconsin a State Rural Development Council was established about one year ago. The current Chairman is Gale Vandeberg, Assistant Chancellor of the University of Wisconsin Extension and the membership includes the heads of 16 state and federal agencies.

The work of the Council, to date, has been to establish guidelines for the formation of County Councils. Two demonstration areas in the Northwestern part of the state have been established under the guidance of the State Council. Each of the 19 counties involved has established its own County Council with representation from many citizen groups. They are identifying the types of problems enumerated earlier and working toward programs to provide for economic growth and improvement of the quality of life in rural communities.

I hope that this somewhat lengthy statement will be of help to you and your Rural Development Subcommitee. I would be pleased to have you schedule a trip to Wisconsin or the Midwest so that we could explore in greater depth the overall problems of community development.

Sincerely,

PATRICK J. LUCEY, *Governor.*

Senator HUMPHREY. Now, with that I believe the first witness will be Secretary Connally.

Secretary, we surely welcome you and look forward to your presentation, and if it is agreeable with my colleagues, could we have all the witnesses testify first and then we will come back, and each of us ask our questions.

Secretary Connally.

STATEMENT OF HON. JOHN B. CONNALLY, JR., SECRETARY OF THE TREASURY

Secretary CONNALLY. Mr. Chairman, distinguished members of the committee, let me first express my personal thanks for the opportunity to be here to appear before this distinguished subcommittee and compliment you for the task which you are undertaking. I know of nothing really more important to this Nation than the goals which we seek.

I am particularly pleased to appear on behalf of the President's special revenue sharing proposal for rural community development, because it is one of the keys to improving the machinery of Government. And the need for improvement in the machinery of Government is indeed very real. You only have to look around and talk to the people of this country to find that they are basically fed up with Government. First, it's too costly. Second, it's inefficient. Third, it is confusing. And fourth, it is unresponsive.

Now, the result is that we have left Americans distressed, disturbed, and dissatisfied. Frankly, it is time we did something about it.

One way is to address ourselves to finding new ways to make Government work, such as revenue sharing. In my mind we do not have any choice with it. We have to make Government more responsive. And I say this, Mr. Chairman, we cannot go another generation; we cannot go another decade; we ought not to go another year without acting.

The President's revenue sharing proposal is directly aimed at producing more efficient and responsive Government. These proposals seek to bring order to a massive Federal aid program which practically defies description. The proposals seek to strengthen our partners in the Federal system—the State and local governments of America—while pursuing national goals. And revenue sharing seeks to give the individual citizen a greater voice in the affairs of Government by bringing decisionmaking closer to the taxpayer.

One point deserves strong emphasis. The President's proposals call for substantially more Federal help. The total Federal aid to States and localities would grow from $30 billion in fiscal year 1971 to over $38 billion in fiscal year 1972—the largest year-to-year increase in our history. Clearly, no money is being transferred from one pocket to another.

At the same time, through revenue sharing, we propose to substantially improve the form in which much of this growing Federal assistance is distributed.

General revenue sharing would automatically allocate $5 billion in assistance to our hard-pressed States, cities, towns, and counties—both rural and urban.

In addition to general revenue sharing, the President has submitted proposals to consolidate some 130 existing, narrowly defined categorical grants into six broader and larger special revenue sharing grants. Together these six new programs would distribute over $11 billion to States and localities without matching requirements or the administrative headaches of overlapping Federal programs.

I personally approach this subject of revenue sharing from the vantage point of one who has been both a Federal and a State official, and one who has participated in a comprehensive study of our executive branch of government.

I am—as I have indicated—deeply concerned over the low regard which too many citizens have for government—all government.

The President has expressed this same concern on several occasions.

Much of this public distrust stems from the existence of far too many Government programs for even the most intelligent citizen to comprehend or appreciate. The President's Advisory Council on Executive Reorganization (Ash Council) noted the existence of more than 1,000 cataloged activities administered by 57 Federal departments and agencies.

The need to consolidate and restructure these programs has long been recognized. It is also necessary to give local officials the authority to make local decisions.

These basic changes—to consolidate, to decentralize, and to simplify our Government programs—are the essence of the revenue sharing approach. These are not partisan or sectional issues. Both party platforms call for such changes. Government everywhere and at every level must be reformed and restructured in this manner.

In my opinion this is not just a matter for political debate. The American people are fast losing their confidence in our system of government—and a democracy bereft of the confidence of its people is a democracy in trouble.

Rural America is very much a part of this whole picture. I say that because I am a product of rural America, and I think I know something about it.

Most of the social difficulties we face today are the direct result of concentrating people and resources in small areas—otherwise known as cities.

And if you compare the cities and the rural areas, I think you will find that rural America contributes less than its share to juvenile crime, to crime in the streets, to traffic congestion, and other problems.

On the other hand, rural America feeds the Nation. It contributes to the building of character and to moral stability. That is not to say the cities do not do that too.

But a balanced approach to domestic development requires that we make our rural areas more attractive places in which to live and work—attractive both for those remaining and those returning. To do this we must increase the economic vitality of rural America.

We are going to have to meet some of rural America's needs. They have to have the water supplies, the lights, and the sewage and the other systems that we take for granted in the cities.

I believe the special revenue sharing proposal under discussion this morning can help measurably in accomplishing this task. It offers the prospect of a larger and more effective Federal commitment to rural America.

I was pleased to note, Mr. Chairman, that earlier this week you expressed your support for rural development revenue sharing, "if it means more Federal dollars, rather than less." That is exactly what we are talking about.

Now, I have heard some doubts and fears expressed about some aspects of rural revenue sharing.

First of all, let's take this matter of the Extension Service—one of the 11 programs that would be folded into the plan. I want to say here and now—so everyone can understand it—that we have heard the fears about the Extension Service, and we have taken action to meet those fears.

The Extension Service will be maintained. The bill before you says—and I quote:

> * * * each State shall use a sufficient portion of the moneys to which it is entitled to maintain and carry out a program of agricultural extension work.

Furthermore, the bill provides that if a State is not immediately ready to take over the extension work, then its revenue share "shall be available for allocation by the Secretary for the purposes of this title."

Now, if you strip that of all its legal language, it simply says that we will still have an Extension Service. That should solve that problem.

We have also had some fears and doubts and groans about the Appalachian Regional Commission, which also would be folded into the program. The simple fact is that this proposed law permits continuation of the Appalachian program with just as much money as before. The only difference will be that from now on the continuation will be by local choice with increased local control over the operations of this program.

Revenue sharing is designed to increase local decisionmaking—not to kill good programs.

Closely related to revenue sharing, in fact an integral part, is reorganization of the Government.

If there is frustration and dissatisfaction in this country—and I believe there is—it is because the execution and the administration of programs—not the concepts—are failing.

For a long generation we have witnessed Government efforts by more people, spending more money, for more purposes than ever before in our history. Yet today we are continually aware of many basic, unmet human needs.

This means frustration with unresponsive and ineffective government. It does not mean all of our programs are misguided or ill conceived. It is primarily the result of our inability to administer and execute these programs. We are simply not well organized to deliver on our promises.

If this democracy is to meet its challenges and its opportunities, we must regain the support and confidence of the American people. That is what revenue sharing is all about.

I do not believe these are issues of partisanship. Neither are they matters of choice. We have to reform and restructure the machinery of government. We must develop a record of good performance.

In April of 1967, as Governor of Texas, I appeared before a Senate subcommittee to discuss the problems faced by States as partners in our federal system. I emphasized the "confusion born of duplication and lack of coordination," and the extraordinary growth in grant programs—which then numbered less than 400 and involved annual expenditures of about $15 billion.

Today, 4 years later, I find myself before another Senate subcommittee expressing the same concerns and urging the same necessary reform efforts. Only today we are talking about $30 billion rather than $15 billion, and more confusion rather than less.

But there is a fundamental difference between these two Senate appearances. Today I can express to you the very strong commitment in the executive branch to accomplish grant-in-aid reform, and government reorganization. I believe the members of Congress are more aware of the need for such reform now than at any previous time.

That is why I am particularly pleased to join you this morning at this first revenue sharing hearing. I know the chairman is a keen student of our federal system and its intergovernmental fiscal relationships. I am confident that a genuine spirit of concern for the health of our entire governmental system exists in the Congress.

In that spirit, Mr. Chairman, I commend you for your leadership in convening this important hearing so early in this congressional session. I look forward to a productive discussion on ways to enhance rural development while improving the effectiveness of government.

Thank you very much.

Senator **HUMPHREY**. Thank you very much, Secretary Connally.

I would hope the committee members would keep in mind, the commentary of the Secretary on the reorganization aspect. This is not within the jurisdiction of our committee, but I think we have to look into it. We have a special responsibility to look into it with an open mind.

Secretary Hardin, I believe you are the second witness. We surely welcome you, Mr. Secretary.

STATEMENT OF HON. CLIFFORD M. HARDIN, SECRETARY OF AGRICULTURE

Secretary **HARDIN**. Thank you, Mr. Chairman, members of the committee.

I appreciate this opportunity to discuss with you the development of rural America and the impact of the proposal for rural community development revenue sharing, as set forth in the draft bill that was transmitted earlier this month to the President of the Senate.

This marks our Department's first appearance before the new subcommittee that has responsibilities of great importance and the opportunity to evolve policies of high significance.

It is particularly gratifying that as a group, this subcommittee represents many years of agricultural experience and dedicated concern for those engaged in the vital work of producing agricultural commodities. I am confident that—and I was pleased from earlier comments of your committee—you recognize the critical importance of farm progress as an important part of rural development.

The plight of rural America is a national challenge.

How we meet that challenge will be of utmost consequence to our very future as a nation.

What we are talking about is balanced growth. Ways must be found for rural communities and large cities to, as the President said recently, "progress together in a dynamic balance as partners in the best sense."

The funding record backs up these evidences of new emphasis. In fiscal 1972 the funding level of rural development programs of the Department of Agriculture alone will run more than four times that of 1961, and twice the 1969 level—$2.7 billion versus $1.4 billion.

Parenthetically may I say that included in those totals are the funds for housing, and water and sewers, in rural areas; Soil Conservation Service resource conservation and development; watershed and flood prevention; and the Community Resource Development part of the Extension Service rural development and housing research, along with the REA rural electric and telephone programs. Those are the programs that group in those totals.

The bill before us today does not represent the entire range of the Department's rural development activities. In fact, it is only a relatively small part of the total.

Mr. Chairman, in line with your instructions I am confining my formal remarks to the rural revenue sharing bill.

Senator HUMPHREY. Yes, and we will come back at an appropriate time for the balance of that, Mr. Secretary. I know you have other items that you can present to us.

Secretary HARDIN. What we are discussing today is revenue sharing—the revenue sharing approach to stimulating community and State initatives. When rural development endeavors have had their greatest success—and there have been some outstanding examples—the key has invariably been people working together, generating their own enthusiasm and capability, and with active support from State and local governmental units.

This is what happened in places like the 10-county rural area around Bowling Green, Ky., or the Meigs County area in Ohio. Farmers, businessmen, civic leaders, county agents, and others from various governmental levels joined together, commonly motivated, to exercise their own initatives in building a better future for their communities.

Rural housing is one area in which there has been substantial expansion alread. In 1961, Farmers Home Administration rural housing loans and grants amounted to $71 million. The volume expanded sharply to $875 million in fiscal 1970. July, 2 years later, in fiscal 1972, the amount will be doubled to an estimated $1.7 billion.

The number of housing loans has increased correspondingly, from a little under 9,000 in 1961 to 77,000 in 1970 and more than 138,000 next year.

But important as past efforts have been, the evidence is abundantly clear that some new approaches are needed—Federal programs by themselves have not been adequate.

Given the advantage of looking back, we can see why this was so. For one thing, categorical grant programs lack the needed flexibility. Strict Federal eligibility requirements have frequently restricted the optimal use of resources for rural development.

In other situations the Federal programs have strained State budgets, compelling expenditure of scarce revenues so as not to risk losing Federal grant money, or resulting in outlays greater than originally intended.

Another weakness of well-intended Federal programs is not giving people sufficient opportunity to feel that they have a personal, continuing involvement. In order for rural development to become truly effective, rural people need to enter actively into the decision-making process and to assume the actual managerial and accountability responsibilities that follow.

A basic objective of the proposal is to provide the people of rural communities greater authority, better leverage than they have had, to strive to eliminate what President Nixon has termined the "disincentives" to living and working in rural America.

The proposal is simple in design. It provides for a consolidation of the funding of grant programs that currently operate in rural areas and smaller cities. Next it provides for the allocation of funds to each State in accordance with a formula that has been developed to assure equitable treatment.

The formula takes into account the size of each State's rural population, the income level of its rural residents, and its rural population growth rate as compared with the national average. The lower the State's rate of rural growth, the greater its revenue share.

No State will be allocated fewer dollars than it normally would have obtained through the grant programs included in revenue sharing. The majority of States will receive more—in some instances, substantially more money.

The proposal deliberately refrains from imposing a federally dictated distribution of shared revenues within any State. Each State will have the responsibility for making its own assessment of its rural development needs. It will order its own priorities and decide how the money will be used to best advantage.

The proposed legislation calls for the Governor to file a plan annually with the Secretary of Agriculture—not for approval, but as a declaration of intent.

The basic requirement is that all rural community development revenue sharing funds be spent for the direct benefit of rural people. The money could be used for any one or more of the purposes now authorized under existing grant programs. Any type of project or activity will qualify, as long as it comes under the heading of rural community development and is set forth in the statewide development plan.

It would be entirely possible, as a matter of fact, for a State to use its shared funds to match other Federal grants-in-aid for rural assistance, particularly where heavy concentration of funding and emphasis is deemed desirable. No one in Washington will stipulate what programs are included in a State's development plan. The single exception, the one Secretary Connally mentioned, is the Agricultural Extension Service.

The funds, however, must be properly accounted for and treated as Federal funds. The bill gives ample authority to the Secretary of

Agriculture to audit and review the use of shared revenue for rural community development, to prevent discrimination, and to evaluate the effectiveness of the plan.

A good example of the merits of revenue sharing is furnished in the provision for sewer and water funds. Currently, communities that need grant money are compelled to shop around at several different agencies. I think that, by latest count, there are seven sewer and water grant programs.

It is not uncommon for a single rural system to be financed through three or four agencies with differing regulations. Under revenue sharing, the process is greatly simplified.

Secretary Connally has mentioned the provisions of the act in regard to the Extension Service to make sure it will be continued at the 1970 level. The bill also carries the language to provide that extension service shall be continued in metropolitan areas. But even without this provision the bill is not intended to limit or eliminate any of the programs folded into revenue sharing now benefiting rural development.

In the case of the Great Plains conservation program, revenue sharing would not disturb existing contracts. Funds for cost-sharing of the 19,000 Great Plains conservation program contracts now in existence have been set aside from previous appropriations and will continue to be disbursed as earned by the program participants. Funds for necessary technical assistance are included in the budget proposal for fiscal 1971.

With regard to the former Agricultural Conservation program and its successor, the Rural Environmental Assistance program, a high degree of local decision authority in conservation cost-sharing programs already exists. The revenue-sharing proposal will provide even greater opportunity for local decisionmaking.

There is nothing in the legislation to prevent two or more States from entering into agreements to collaborate in a regional rural developmental undertaking.

Discretionary funds—these are assigned to the Secretary—provided by the legislation will be used to encourage innovative approaches to rural development and to recognize originality, efficiency, and superior performance.

Together with the other five special revenue-sharing proposals of the President—transportation, manpower training, education, urban community development, and law enforcement—the proposal opens the way for improving the quality of life for all Americans, urban and rural.

I urge that the subcommittee give this bill its earnest and favorable consideration, Mr. Chairman. I urge that it be weighed in the context of the total revenue-sharing concept, and its potential for giving rural America a new lease on life.

Senator HUMPHREY. Thank you very much, Mr. Secretary.

Now, the concluding witness this morning will be the Secretary from the Department of Housing and Urban Development, Secretary Romney.

STATEMENT OF HON. GEORGE ROMNEY, SECRETARY OF HOUSING AND URBAN DEVELOPMENT

Secretary ROMNEY. Thank you very much, Mr. Chairman.

I am very pleased to appear before this committee along with Secretary Hardin and Secretary Connally. Truly this is a bipartisan program, and Mr. Chairman, I first heard of revenue sharing in your home State when I attended the 1965 National Governors' Conference and, as a matter of fact, the man who presented the concept of revenue sharing was one of your fellow statesmen, Mr. Walter Heller, Dr. Walter Heller, who was then chairman of the Council of Economic Advisers for President Johnson and yourself, sir.

As a result of the impression that he made on me with his presentation with respect to revenue sharing, the difficulties that I had been experiencing as a Governor in trying to deal with State and local problems mounting, but with the bulk of revenues in Washington, I joined with the Democratic Governor of Missouri, Warren Hearnes, to introduce a resolution suggesting that the governors take a look at revenue sharing and its use in resolving the mounting fiscal problem between the Federal, State and local government.

So truly this program does have a bipartisan origin and bipartisan approach.

Senator HUMPHREY. And I hope it will continue to have.

Secretary ROMNEY. I think that is very desirable, and I think if we will continue to approach it on that basis that we will produce as meaningful a change in our governmental structure as can be produced in terms of enabling us to resolve our problems.

Now, my joining with Secretary Hardin here is the result of the fact that the rural community development bill reflects the close relationship that has developed between rural and urban community development. They are interrelated and it is tremendously important to the urban areas that there be a strong rural program.

This administration recognizes that the technologies and economic forces that have shaped the mass movement away from our farms and rural areas have contributed to the growing concentrations of our populations in the cities and suburbs of our Nation. We recognize that an important part of a total strategy for a balanced approach to national growth, development and renewal requires us to provide a realistic option to the residents of rural areas to lead a decent life in rural areas.

Rural residents must be able to find decent and meaningful jobs, to educate their children in modern schools, to have available a full range of hospital and other public facilities without feeling that their only chance for achieving these goals is to migrate to a big city.

The tragedy of the rural migrants to urban areas, whether they are blacks in a ghetto or whites in the grey areas of our metropolitan cities, is painful in terms of inadequate housing, a crowded living environment, and marginal employment.

At HUD these problems are well known to us. We have been trying our best, given the complex web of categorical programs that we administer, to provide assistance to the smaller communities of our Nation. I do not think there is any question but enabling these smaller communities that are growing to increase their growth is a key element in achieving rural progress. For example, in the housing field, HUD and the Department of Agriculture organized in early 1970 a rural housing coordinating group to help improve housing program delivery in rural areas.

An indication of successful cooperation is our joint agreement on the administration of the section 235 subsidized homeownership program. HUD has allotted over $9.6 million directly to the Farmers Home Administration, and so far about 6,600 rural families have been assisted through this one program through that allotment.

Rural areas are well represented in most of HUD's programs. For example, in the water and sewer program, 71 percent of the funds have gone to communities under 50,000 population; of this, four-fifths went to communities with populations under 25,000 and more than 18 percent went to towns of under 5,000. Even the urban renewal program—commonly thought of as a big city program—is helping hundreds of small communities.

But as the President pointed out, the efforts we and other agencies have been making to help rural areas under the existing program structure have been plagued by problems of inflexibility, priority distortion and flawed accountability. The maze of regulations and guidelines that characterize so many programs, and the diffusion of responsibility and accountability they encourage, bear hardest upon the smaller communities and rural areas.

It is their projects and proposals that are most often put into the wrong slot, crushed under paper requirements, or defeated by the nit picking of well-meaning but distant Federal bureaucrats who have little conception of local needs and conditions. As a matter of fact, it is impossible for these rural areas to master the maze of regulations involved in these various programs. They are too complex and they are too numerous. Even in the case of the larger communities, they are almost beyond their capacity.

The President's proposals for rural development are designed to eliminate these problems so far as many of the programs most important to rural areas are concerned. Secretary Hardin has already covered the general structure of that proposal and how it would work.

What I will do is to indicate briefly the relationship between the structure of HUD programs and the bill you are considering today.

As you know, the President has recommended a $2.1 billion program for urban community development special revenue sharing. At the outset this program would cover four of the existing categorical grant or loan programs of the Department, namely, urban renewal, rehabilitation loans, water and sewer grants, and the model cities program. Other community development programs might be added later.

Although the basic formula for urban community development special revenue sharing would provide that 80 percent of the funds be allocated to the Nation's metropolitan areas, smaller communities in rural areas are eligible for the 20 percent in discretionary funds to be administered by HUD.

Now, this 2 billion will be used in areas representing over 70 percent of the total population, and more than 1 billion would be used in the rural area, representing the less than 30 percent of the population.

But smaller communities would not be limited to eligibility for this 20 percent discretionary fund. Recognizing that a number of smaller localities in both rural and metropolitan areas have been receiving grant assistance from our Department, and that under urban community development special revenue sharing they would not be eligible for a formula share, the President has proposed $100 million in additional nonformula funds to assist such communities. That would be available for the communities outside the metropolitan area.

Recent figures, for example, indicate that HUD has active urban renewal and model cities programs in 655—out of a total of about 3,000—localities between 5,000 and 50,000 population. Of these some 423 are outside of metropolitan areas. It is to insure the continuity of community development activities underway in such localities that this additional fund is being proposed.

No small rural community need fear that its current efforts to shape a better environment through current HUD programs will be aborted. On the contrary, since such communities will also be eligible to receive rural community development assistance, their position will be enhanced.

As a matter of fact, they all have the commitment that they would be funded at least as well as they have been funded in the past or better, and most will be funded on a better basis than in the past.

The small communities provisions of the urban program are a most vital supplement to the operation of rural revenue sharing. Yet, for any form of revenue sharing to achieve fully its objectives, it is essential that State and local officials be given not only new resources but also help in building up their capacity to manage and use those resources. Here is where the President's proposal for a new planning and management program would come into play.

This program—which would be funded at a $100 million annual level—consolidates various planning assistance activities administered by HUD. A single program would be authorized, the purpose of which would be the strengthening of planning and management capabilities in general purpose units of government at both State and local levels. The new program would serve as a complement to all special revenue sharing. Thus, in rural revenue sharing, planning and management assistance could be used to make plans, establish objectives, and to evaluate the use of the funds to be made available each year.

I would like to stress that the purpose of this program will not be the production of ivory tower paper plans. The focus will be an improved capacity to set specific objectives, to make concrete decisions with respect to those objectives, and to follow through with modern management techniques.

As Governor of a State that was one of the most industrialized in the Nation, but with large rural areas, I was daily faced with problems of both urban and rural people.

In 1970 some 2,320,000 of Michigan's 8,875,083 people were living in rural areas. That is 26.2 percent. Fourteen of the 83 counties in my State lost population between 1960 and 1970 and another 27 experienced a smaller percentage increase in population than the State as a whole.

When I examine what the President has proposed from this standpoint of my own background and experience, it seems to me that the case for that proposal is overwhelming.

What rural community trying to weave its way through a maze of Federal programs and regulations will not be helped by the more flexible approach of revenue sharing?

What State or locality will not benefit from a new approach that eliminates the necessity of distorting budgets in order to meet Federal matching requirements?

What rural resident will not appreciate a system which assigns responsibility and provides resources to a unit that is responsive to him as a voter?

Of course, revenue sharing is new. It is something big. There are many questions. You are certainly doing your job when you go into those questions.

But when you are finished, I am confident that you will find that the advantages are clear. And I hope that each of you will come to believe what I believe—that the program of rural community development revenue sharing will help strengthen rural America and our Nation as a whole.

As a matter of fact, I think in substance this program very simply shifts the responsibility of decision making from Federal bureaucrats to State and local officials. I think that what we have done is to create this vast number of grant in aid programs based on Federal guidelines and Federal administration, and the result is we have substituted Federal officials down in the bowels of the bureaucracy for the elected representatives of the people at the State and local level. I think it is time to return that responsibility for the use of these funds to the State and local level, and I am convinced that we will get better results when the people who are closest to the problems and therefore understand the problems best can determine how the money is going to be spent. So I certainly urge you to support this program.

Senator HUMPHREY. Thank you very much, Mr. Secretary.

In order to—Senator Allen says he must depart because he has some work on the Senate floor. Thank you for being present this morning.

Senator ALLEN. Thank you.

Senator HUMPHREY. We will proceed now with each of us taking a few minutes of your time and each of us coming back for some additional questions if we have some extra time.

Secretary Romney, I just want to make some comments with regard to your last statement, "shift responsibility from Federal bureaucrats to State and local officials." I have been a local official and I had some bureaucrats. We did not give them the title bureaucrats because they were not in Washington, but if you ever had to deal with the planning agency of a local government you'll find that they too have bureaucrats. They are not all elected.

Secretary **Romney**. That is not my point. Let me make my point.

Senator **Humphrey**. I would like to get it.

Secretary **Romney**. The point is these programs are so numerous that I cannot possibly make a decision on the many applications that come before us, and these decisions with respect to which cities and which rural areas are going to get the money that is available are made by the people within the Department. Now, they are really making the decisions that ought to be made by the mayor of a local community or a Governor of a State in determining the priority use of the available funds, and that is why I say that this process that has been created really substitutes the judgment and the decisionmaking of some official down within my Department for the decisionmaking of the mayor or the Governor. I think we will get a lot better results if the mayor and the Governor can decide with whatever procedures are called for at the State and local level how the available funds are going to be used rather than to have Federal officials deciding that. That is my point.

Senator **Humphrey**. I get your point. I tend somewhat to agree with the general thrust of what you had to say. But, Mr. Secretary, when I read, for example—it is from your testimony:

> It is their projects and proposals that are most often put into the wrong slot, crushed under paper requirements, and defeated by the nit picking of well-meaning but distant Federal bureaucrats who have little conception of local needs and conditions.

I can only say this: Why don't we do something about that? After all, people are people, Mr. Secretary. I have worked with these Federal officials and State officials and so have you. When I was the mayor of my city I had about as much response from the State government as if I had called up the Kremlin. They just did not respond. Fortunately it is now a little better.

Second, there is nothing that prevents, is there, a Federal official, a Secretary, from saying that these rules are too many. Who writes these rules? Congress does not write them.

Secretary **Romney**. Congress writes a lot of them.

Senator **Humphrey**. The law on housing for rural America is a lot shorter than the rules and regulations written by the Government agencies that administer it.

Secretary **Romney**. You have written conditions with respect to these various categorical assistance programs that require very complicted administration, and they are in the law. Now, some of the red tape is also in the regulations, there is not any question about that.

Senator **Humphrey**. A good deal of it.

Secretary **Romney**. It is a result of both.

But the key problem here, Mr. Chairman, is this, and it is a very realistic problem. The key problem is that the Federal Government enacted the progressive income tax and the progressive income tax generates revenue at a rate faster than the growth in the national economy. The income tax generates growth in revenue about 1.7 times the growth rate, economic growth.

Now, on the other hand, the property tax and the sales tax that States primarily rely on both lag behind the rate of economic growth. The fact that the Federal Government has largely preempted the income tax and the States and local units rely primarily on the property and the sales taxes results in their revenues not keeping pace with economic growth and needs and the Federal revenues going beyond.

During recent decades the problems have mutliplied at the local and State level. The result is that a great imbalance has developed between where the revenues are and where the problems are.

I want to submit, sir, having seen this operate at both levels, and on the basis both of public experience and private experience, we badly need a decentralization of this process. This is being advocated by Charles Shultz, the Director of the Budget in your administration before this administration took office. It was being advocated by John Gardner. It was being advocated by Richard Goodwin, the President's speech writer. As a matter of fact, what is needed here is to decentralize this whole process and get money back out to where the problems are with the freedom of the officials, the elected officials, to decide how that money is going to be used in dealing with their problems, because they vary all over the lot. I do not think it is possible to get the same result through the present process.

Let me direct your attention to a statement made by a Democratic Governor of Wisconsin, Governor Lucey. He said, as quoted in the New York Times just 2 weeks ago, Sunday, that when he went through his fiscal situation and he was dealing with State funds and State programs, he was very careful and conscientious about their use. But when he reached a Federal program with Federal money he goofed off. He just did not have the same interest. The difference is if this money is his money and he is going to determine its use it is going to get the same care and attention in its use that the money that he has to raise through his own taxation.

Senator Humphrey. Mr. Secretary, I do not disagree with you about the need for decentralization. I certainly want to concur on that. I want to come back later to that.

My point is while I recognize the importance of giving more local administration, I think in the process of arguing for special revenue sharing that a determined effort needs to be made by the present structure of government to clean out some of this red tape, as we call it. I had a little work with this. I used to be sort of an ombudsman around here working with mayors and Governors and State legislators getting these projects through the channels of government. I know they are very sticky. I realize the difficulty, particularly for the smaller communities.

But let me ask you a question.

Secretary Romney. Senator, let me comment on that point. Let me ask you a question.

Senator Humphrey. You said that 71 percent of the water and sewer funds go to towns of less than 50,000 population, is that correct?

Secretary Romney. Yes, sir; but I want to go back and comment. You talked about red tape. I want to answer your point.

Senator Humphrey. Would you let me ask the question and you can answer as you wish.

Secretary Romney. All right.

Senator Humphrey. Now, this is merely a matter of importance and you can speak to the question of red tape as you wish.

You said that 71 percent of the water and sewer funding goes to towns of less than 50,000 population. Isn't it true that you are now withholding about $200 million of the $350 million for water and sewer appropriated by the Congress for fiscal 1971?

Secretary Romney. Well, I am glad you raised that question because that raises a very fundamental question and one that I think deserves very careful consideration by Congress in consideration of the whole picture.

Let me respond to that, and then I would like to talk about the red tape.

Senator Humphrey. Sure.

Secretary Romney. First, Mr. Chairman, it is quite true that the President of the United States has withheld the spending of certain funds appropriated by the Congress. This is not a new thing. As a matter of fact, from the beginning of the Nation, Presidents have withheld funds as appropriated by the Congress. This problem has become a more difficult problem in recent years because we now have a very complicated fiscal process. This complicated process, as you know, involves authorization, a level of authorization as established by the committees dealing with programs in the Congress. Then after the authorizations you have appropriations. Then after the Congress gets through appropriating the Congress establishes an outlay ceiling and a formula.

Now, the facts are that the Congress authorizes much more than it appropriates and it now appropriates much more than it establishes as its outlay ceiling. There is quite a separation between the level of appropriation and the amount that the President is permitted to spend on the basis of the outlay ceiling, even though there is flexibility there. And the result is that when Congress appropriates at one level and puts an outlay ceiling at another level, then something has to give.

The President and his associates have to decide what appropriated funds will not be spent in a given year.

Now, to some extent I have oversimplified that.

Senator Humphrey. Yes, I think so.

Secretary Romney. But that is the basic pattern, because actually there is an accumulation of appropriation and contract authorizations that get reflected in the outlay year in any given year. So the President has to take into account the outlays that are going to result from prior year appropriations.

You take urban renewal. While Congress has been appropriating about a billion dollars a year for urban renewal at the start of fiscal year 1971 there were almost $4 billion in undisbursed commitments to urban renewal that cities are free to come through and spend and the outlays of the renewal program had begun to exceed the level of the appropriation, so the President cannot permit a full use of appropriation and still stay within the Congress' outlay ceiling.

Now, that is part of the problem. If Congress wants to establish the priority of the available use of funds then it needs to keep its appropriation level in relationship to this outlay level, otherwise the President has to cut programs.

Now, it is perfectly true that, within the process of keeping the outlays within the outlay ceiling as it applies to this fiscal year, the President has had to withhold the spending of money under some programs, including the water and sewer program. What Congress appropriated for water and sewer will be spent next year and what Congress appropriated this year for urban renewal will be spent next year, but it cannot be spent this year because of that outlay ceiling.

Senator **Humphrey**. Are you saying there is a carryover?

Secretary **Romney**. Yes, there is a carryover.

Senator **Humphrey**. And would the revenue sharing proposal have any outlay considerations, Mr. Secretary?

Secretary **Romney**. Yes, when the Congress establishes an outlay ceiling, even though it is to some extent a flexible ceiling, then the President has to live within that outlay ceiling or get Congress to change the outlay ceiling. Where you have an outlay ceiling that is below the level of appropriation, then he has to cut. That is what has been done.

Now, let us take the administration of which you are a part.

Senator **Humphrey**. Oh, don't do that, that has already been taken apart.

Secretary **Romney**. I talk about withholding. We are talking about withholding.

In 1966 the Johnson-Humphrey administration withheld 6.5 percent of the funds appropriated by Congress.

Senator **Humphrey**. Highway funds primarily.

Secretary **Romney**. In 1967 you withheld 6.7 percent. Now, those withholdings are larger than any withholding by the Nixon administration.

Senator **Humphrey**. You mean we did better?

Secretary **Romney**. You did better. You withheld more.

Senator **Humphrey**. I want to thank you very much.

Secretary **Romney**. You might be interested in knowing Jefferson started this. I guess he was the champion withholder because he withheld about 11 or 12 percent of the budget.

Senator **Humphrey**. I wish you would not quote all those Democrats, Mr. Secretary.

Senator Curtis?

Senator **Curtis**. Well, Mr. Secretary, the situation is this: Congress passed pertaining to the fiscal year 1971, which we are in now, an expenditure ceiling of some $192 billion; isn't that correct?

Secretary **Romney**. I think it was just over $200 million.

Senator **Curtis**. Your point is that if the Executive would spend all the money that Congress appropriates and authorizes it could go way beyond that ceiling?

Secretary **Romney**. That is correct.

Senator **Curtis**. And it is your further point that in complying with the direction of Congress to stay under that ceiling there are certain programs which are not subject to control, such as established veterans benefit payment, interest on the national debt?

Secretary **Romney**. The bulk of the budget is not subject to control, Senator.

Senator CURTIS. This is true of programs such as highway building, because the amount of expenditure is not determined by the Federal Government but by the rate of construction on the part of the States; isn't that correct?

Secretary ROMNEY. It is possible to withhold highway expenditures. That has been done to some extent; to some extent that is controlled.

Senator CURTIS. Yes, but I think that this matter raised by the chairman of withholding funds is a problem that is not necessarily involved in this hearing for rural development.

Senator HUMPHREY. The only question of it, Senator—and I did not mean to get into this prolonged argument—what I was getting at, the revenue sharing proposal which does not have the same kind of inflexibility on the use of Federal funds. That is what I was trying to get at, Mr. Secretary, when we got into this other little to-do, would the revenue sharing proposal have the same flexibility or would the funds as made into revenue sharing give a greater degree of authority to States, localities. I was really trying to help you, but we never got to the point. I thought it was a good question.

There are a lot of arguments why funds are withheld. I have been around a little while just like the rest of the men at this table, and some very conservative-minded members of Congress are upset, as they were under Johnson and Kennedy. Governors are always unhappy about it. And we all know, they are asking always for funds and I can understand why.

What I am getting at, does this special revenue sharing proposal you have give greater flexibility? Does it permit if funds are appropriated by the Congress the use of those funds without the same strings on them that are presently applied under the existing situation of the categorical grants where the President more stringently —where he can hold the strings a little tighter?

Secretary ROMNEY. In case of general revenue sharing, the funds would go through automatically, there would be no withholding.

With respect to special revenue sharing funds, as far as I know, they are in the same category as other funds subject to outlay ceilings. Now, I think the intention is to see that the funds in the revenue sharing programs flow through on the basis appropriated. But again this is going to depend to some extent on what Congress does in terms of the level of appropriation in relationship to its outlay ceiling.

If Congress puts an outlay ceiling on that is so tight in relationship to appropriation that the administration has to cut back some place, it must cut back on a controllable item. The interest on the debt is not a controllable item and there are a lot of other fixed items.

Senator HUMPHREY. That is certainly understandable.

Secretary ROMNEY. But the hope is the funds would go through under special revenue.

Senator HUMPHREY. Senator Curtis?

Senator CURTIS. I yield.

Senator BELLMON. Mr. Secretary, on that point would you say that the Congress is somewhat two-faced in voting appropriation, then turn around and voting a revenue ceiling that keeps them from using those funds?

Secretary **Romney**. Well, I would not say that about Congress. I do say it is very difficult for people to follow what is happening, including governors and mayors, and I think it very unfortunate to create a situation where there is so much misunderstanding over appropriations because the appropriations are way up here and the outlay ceiling is down here. I think there is a better way to do it.

Senator **Bellmon**. Would you agree if we are going to go into revenue sharing we probably should exempt revenue sharing from——

Senator **Humphrey**. That is what I was trying to get at. I think it would be a very good idea at the same time you narrow the amount of controllables that would be affected by outlay ceilings so you also ought to narrow that gap between appropriations and outlay.

Senator **Curtis**. Secretary Hardin, what has the Department of Agriculture done to give rural America greater visibility nationally?

Secretary **Hardin**. Well, Senator Curtis, one of the things we have done is create a new position in the Department, Deputy Under Secretary for Rural Development. The person who occupies that is Dr. Henry Ahlgren, who has long experience in rural development in the State of Wisconsin and on many national committees. He has worked very closely with the government in that State on economic development for the State of Wisconsin. His function is to coordinate all of the various rural development activities of our Department, including their relationship to the States and local communities. He also serves as liaison with the other departments and agencies of Government. There are many which have programs with impact in rural America. His job is to see that the programs that reach the local levels are coordinated to the maximum extent possible and responsive to local needs.

Senator **Curtis**. Mr. Secretary, isn't it true that many of the States through their Governors and elected officials and through these rural development committees have already done a great deal in bettering many of their communities in providing more job opportunities in the whole area of rural development? Are you saying that Dr. Ahlgren has had experience in that?

Secretary **Hardin**. Yes, indeed. Of course, we recognize much good work in rural development has gone on across the country. What we are really doing here, I think, is trying to step up the momentum and to increase the total activity, to organize it better. We have had rural development committees in each State for several years, in most states, and these have worked closely, with the Governors and their departments of economic development. So what we are really doing is adding to this work, hopefully improving rural development and, as Secretaries Romney and Connally have pointed out, hopefully moving more of the decisionmaking to the State and local levels where, indeed, we have people who are competent. May I say, in my experience, the degree of competence in this area of economic development in the states and local communities is vastly superior today to what it was 10 years ago.

Senator CURTIS. Coming back to the Department of Agriculture, can you cite any examples to illustrate how the Rural Electrification Administration has been of help to rural communities in bringing in industry?

Secretary HARDIN. Yes, Senator Curtis. REA-financed rural electric cooperatives have been especially active in rural development. I have some notes here about one in particular that has been outstanding, in Rogersville, Tenn. The cooperative's entire staff was involved in a community development program. Their efforts have led to a successful amount of community and business improvement. They have been able to attract several new major industries and really revitalize what might otherwise be a depressed rural region in the State of Tennessee. For example, the cooperative assisted in obtaining a $50 million plate glass factory employing 625 people which made work available for 85 employees in a nearby silicone mine. A bookbinding materials factory employs 150. A fabrics factory has made a $20 million addition. A plastics manufacturer has opened in the area and on March 2, 1971 the Dodge Manufacturing Co., which is a subsidiary of Reliance Electric, opened a new factory employing 200 people. Community projects include a new county hospital, a new water system, a new sewage system, a nursing home and an airport.

Obviously employment is up. This is one area where the departure of young people from the rural community has virtually stopped. The REA co-op is serving about 13,000 electric customers, including 941 small commercial businesses and 74 large commercial industrial operations.

This is just one example. We asked the REA a few weeks ago to summarize what they felt the electric and telephone systems which they have financed had contributed to new job creation—in the past couple of years. They estimate that there have been about 60,000 new jobs created. It wasn't all due to the efforts of REA alone of course, because HUD and other agencies were part of it, but the initiative resided fairly heavily in the co-ops themselves.

Senator HUMPHREY. Isn't it possible, too, for these local REA co-ops to act as a planning or catalytic agent in the rural community planning, Mr. Secretary?

Secretary HARDIN. Yes, indeed. I hink that is what happened in this Tennessee example.

Senator HUMPHREY. They cut across all these lines and different farm organizations and seemed to have a different reception with the local business people and all?

Secretary HARDIN. Also, Mr. Chairman, it goes back to the fact they have had long years of experience in working together, getting their electric program underway, and learning how to do things. This expertise is helpful in the total community.

Senator HUMPHREY. Senator Dole?

Senator DOLE. Thank you, Mr. Chairman.

Secretary Connally, I agree with you that we cannot wait another decade, maybe not even another year for revenue sharing. Perhaps there is some relationship or should be some relationship between proposed Government reorganization and the general and special rural revenue-sharing proposals.

Do you see a direct relationship or any need for two to be combined or be passed about the same time?

Secretary **Connally**. I would think, Senator, it would be very helpful if it happened at the same time. Their basic objective is the same. They approach the problem, of course, from different directions. Revenue sharing stated in one sense, at least, is an attempt to decentralize this government, to place responsibility for decisions at the local level and above all, to place accountability where people can see it so that people know who made the decision, who was responsible. This is one of the greatest things, it seems to me, to begin to restore the confidence of people in their government.

The same thing applies with respect to the plan of reorganization the President has sent to the Congress. That is the purpose of trying to get a reorganization of some of the executive branches on a functional basis. Their decisions can be made at the lower levels of government so it can become more effective, and in the final analysis so there can be a higher degree of accountability for the decisions so that people know where they can go and who they can hold accountable for decisions. So the two really move in tandem. They are not necessarily dependent. Congress could certainly act on one without the other but it would be highly desirable if they move in tandem.

Senator **Dole**. Of course, the basic revenue sharing does return much of the decisionmaking back to local and State levels. There have been some statements made which I do not share, that we cannot trust the local officials and the State officials. The chairman of this subcommittee has been a local official. Two members of the panel have been governors of their States. I think it might help to have their views and your own on this matter as I think we can trust and should trust the State and local officials.

Secretary **Connally**. Senator, I must say that this particular statement disturbs me very greatly—when any body of people assume unto themselves the honesty and the integrity that exists in government. It reflects an almost fatal weakness. When we reach the point in this country when we take the position, in whatever position we occupy at the time, that those who serve in lesser positions are not capable or are not qualified or that they are crooked or incompetent, we begin really to sow the seeds of destruction of this democracy. When you reach the point where you can't trust the people to select officials of their own to make decisions, you are striking at the very heart of the Republic. This argument and this statement leaves me cold.

One of the real purposes of revenue sharing is to try to put responsibility at the local level so that the people can see and can know what decisions are being made. If they do not like those decisions made by their local mayors, their county judges or their governors then they can change them. That, I think, is going to produce a greater awareness of government and a greater respect for government because people are not going to be frustrated by the feeling that they cannot do anything about it, and this is one of our problems today. They think it is so monstrous, so cumbersome, so involved that they as individuals have no control over it.

Senator **Dole**. I share that view. I think all of us in politics trust and have great confidence in local people. They send us to Congress or the Governor's office, wherever it may be, in either party with that same trust. I think that same trust and confidence will continue when it comes to making plans and decisions and expending the funds from revenue sharing for those plans and decisions on the local level.

Secretary CONNALLY. May I amplify my statement by making some personal observations.

Sir, as a Member of Congress, you served in the House, now you are in the Senate. Senator Bellmon was Governor, in his State, he is now U.S. Senator. The distinguished chairman of this committee was mayor of his city of Minneapolis. He has been Vice President of the United States, and today he is a distinguished Senator. But I suspect he was as smart when he was mayor as he was when he was Vice President.

Senator HUMPHREY. I was smarter.

Secretary CONNALLY. I do not think his basic IQ changed, nor did his capacity, his compassion or his concern not one iota. I personally think that the cities, or all of the cities that I am familiar with, are very well run. Now obviously I am not going to say there is not a city in America without some misfeasance or malfeasance or without some corruption, because I think there is. But corruption has no exclusive situs in cities throughout the country. There has also been some in the Congress.

Secretary ROMNEY. As a matter of fact, I had to refer nine cases to the FBI in recent days because of what appears to be misconduct in the Federal structure.

Senator DOLE. There have been some occasions where people question the wisdom of us in the Congress.

Senator HUMPHREY. Once every 2 or 6 years.

Senator DOLE. In fact, I am intending to question the wisdom of a few in about 15 minutes. That is a nonpartisan statement.

Senator HUMPHREY. Yes; I understand that. I appreciate that so much.

Let us go off the record for a moment.

(Discussion off the record.)

Senator HUMPHREY. Back on the record.

Senator DOLE. I think it would be helpful, Mr. Secretary, if we could have your brief view on how this special revenue sharing is going to work with the general revenue sharing. Do we work together. does it mean more money for rural America. I think as you pointed out in your statement, the Chairman has said himself he could support or might support—I am not going to quote the Chairman—if it did mean more money. Does it mean more money?

Secretary CONNALLY. No question about it. With general revenue sharing and special revenue sharing, there is going to be considerably more money available to rural America. No question about it, by long odds. Again each of these can operate independently. Congress can act favorably on general revenue sharing without passage of special revenue sharing. Special revenue can be passed without implementation of general. I would hope Congress would act favorably on both. In one sense, and to be perfectly candid about it, in one sense there is nothing new or startling about the special revenue sharing. This is merely a consolidation of grants, really. It takes programs which the Congress now appropriates, approximately $10.4 billion a year, and whereas you now break that amount of money down into approximately 130 categorical grants, what special revenue sharing does is merely telescope those 130 into six broad categories appropriating the same money, adding another billion dollars to be sure no city, no program, no State gets less money than it is now receiving under the categorical grants, and says to local units of governments, general purpose governments, here is this $11.4 billion and you can spend it within these six broad categories. It gives them more flexibility.

Senator Dole. Do we say that to the State officials or the county commissioners?

Secretary Connally. You say it to the cities and the States.

Secretary Romney. As a matter of fact, Senator, another very important aspect of this is that it wipes out this requirement of matching funds and the distortion which results from that. Furthermore, it wipes out the advantage of the community that has experts in grantsmanship, in processing complicated applications and so on. That is a very unfair situation which particularly hurts the smaller communities and smaller areas.

Senator Dole. It does require planning, which I think is important. It does eliminate the maintenance of effort requirement which is not always a fair imposition in some areas. Above all, I think you point out it does eliminate the matching requirement, which sometimes wipes out any revenue the State may have.

Secretary Connally. There is one point I would really like to nail down, particularly with respect to general revenue sharing. A portion of that goes to every country, urban and rural, in the United States. I think that point needs to be made.

Senator Dole. It does need to be made because we have had some inquiries in my state, people at the county level. It does mean the county commissioners will also have some opportunity to expand programs.

As I understand the general revenue sharing, it could even be used for property tax reduction; is that true or not true?

Secretary Connally. It could be used for any purpose. On general revenue sharing the recommended $5 billion will be an automatic allocation with no strings attached to it other than general audit procedures, and under title VI of the Civil Rights Act with respect to the general provision on discrimination.

Senator Dole. The reason I raise that point is that Secretary Romney put his finger on a very important problem in every State in America. In my State of Kansas, property owners, Democrats, Republicans, Independents, are organizing all over Kansas, into tax protest groups—property taxes are going up and up and up and not meeting requirements of the State. As you pointed out, property tax and sales tax were lagging behind but the Federal income taxes were going ahead. It is an important point to make if you want to sell revenue sharing to the man who owns property or the taxpayer. There should be at least an awareness that revenue sharing funds could be used to hold his property tax at a level or even reduce that property tax. That is how we are going to get grassroots support for this program.

I do not mean it would all go to reduce your property tax. That would not be much good, but it is very important because I see in my own State 700 or 800 people turning out for a tax protest rally when only a hundred turn out for a political rally, because they are concerned. It is a pocketbook issue.

Thank you, Mr. Chairman.

Senator HUMPHREY. I think the two points made. No. 1, the simplification for application for use of funds is very vital if you are going to argue the case of special revenue sharing.

Second, that you do not at all times require State matching, funds which as one of the secretaries indicated in the testimony, has become a tremendous burden upon State budgets.

I am interested in revenue sharing as Secretary Connally knows, and I think that a case to be made for it is in the flexibility, and utilization of it within our national programs. It is an expanded block grant type of program. It we look at it that way we do not get carried away with the subject as if we are tearing the countryside apart, or as if the country and people had their minds set upon.

I want to come to Senator Bellmon and then around back again.

Senator BELLMON. I would like to ask Secretary Romney what he has done to cut redtape since he has been Secretary of HUD?

Secretary ROMNEY. When I came down I thought, by golly, one thing I could do is cut redtape. So I asked the fellows in the Department to chart out the steps involved in approving the applications for our major programs. I thought they would be back in a few days or weeks, but they did not come back for several months. When they came back I realized why in the case of urban renewal application, just to list the steps involved required a maze of paper two-thirds the width of this room and it took 36 months on the average when we took over to process an urban renewal application. The average paperwork required was 2½-feet high and weighed 53 pounds. We went to work to cut that, Mr. Chairman, and we did cut it. I have cut that down to 3½-inches in paperwork, but it still takes 15 months to process it. That is a long time; a lot of it is wasted effort.

I used to say these programs were as complicated as Rube Goldberg, but he never conceived of anything as complicated as these grant in aid programs and the processing involved. We need to get rid of this. The money flows out on the basis of a formula and they get it quickly in special revenue sharing. They do not have to wait 15 months on an application. If Congress adopts special revenue sharing they will get the money immediately that year.

Senator HUMPHREY. Thank you.

Senator BELLMON. Secretary Connally, Oklahoma is a kind of a poor relative of Texas, but I do not think there is too much difference between Oklahomans and Texans when you get down to it. I know in our State we once had a rural dominated legislature and when it came time to apportion they never got around to it. Up until the time the courts got into the matter. Tulsa and Oakland City, two big cities, had the same amount of representation in the State senate as did Cimarron County, which only had 3,000 or 4,000 people.

My question to you is we have had reapportionment. Our legislatures even in our most agricultural States are urban dominated. Do you think the urban-dominated legislature is going to be fair to the rural areas in dispensing these shared funds?

Secretary **Connally**. Well, they will not distribute all of them. They are not going to have to make some of these decisions. For instance, counties, cities and other general-purpose governments get their moneys directly. They will not necessarily get it from the legislature. But to the extent the legislature has a hand in it, yes, I think so, Senator. I have heard a lot about rural-dominated legislatures, and we had one of them. But strangely enough, nearly all of the benefits that you can trace from legislative action in terms of locations of schools and hospitals and so forth over a long period of time wind up in all the big cities.

If you really get down to it, our legislature has been very fair with the cities of Texas, and I think the urban-controlled legislatures now will be fair with the rural parts of their State. I do not see how they can do otherwise.

Senator **Bellmon**. Will there be built into this plan some system to make sure rural people get fair treatment?

Secretary **Connally**. Oh, I do not think there is any question about it.

Secretary **Romney**. Take the special programs, Senator. That billion dollars all goes to rural areas.

Secretary **Connally**. It has to; it is set by law.

Secretary **Romney**. It is by law and the $100 million of urban community development special revenue sharing has to go to small communities.

Secretary **Connally**. When I say by law, I mean if the Congress approves the recommendation. The only string, really, on this rural development money will be that it is to be spent on rural people and in rural areas. That is the only string on it, really.

Senator **Bellmon**. Well, I want to ask another question. We have been talking about revenue sharing and I am very much interested and generally in favor. To me there is a big problem. We can go ahead and build better sewers and have better water systems and have better houses and do all sorts of good things, but until rural people can make a living out in these rural areas nobody is going to live there. What is there in any of these programs or what is going on in the administration that will help get jobs out where the rural people are? Do you have any comment on that?

For instance, let me ask you the question very specifically. We have been on this committee talking about the possibility of a tax writeoff to a company that will build a plant out where there is some room and where people would prefer to live. What would the Treasury think about this?

Secretary **Connally**. May I answer it this way. First let me say that the domestic council last fall looked into this particular question of tax incentives to rural areas and rural area investment. This is before I came to the Treasury. As far as I have been informed, their results were inconclusive. Obviously it poses many, many problems of fairness in treatment where you actually give tax incentives to move into rural areas. Is this fair to some industries, to some areas, and so forth?

I frankly have not had a chance to go into that whole study. All I know, I have been told it was fairly inconclusive. Nothing was sharp enough to result in a recommendation.

With respect to my own personal views—and I do not here now speak for the administration—I certainly think we ought to pursue this idea and see if some workable solution cannot be arrived at. This is for a simple reason. What are people concerned about today? When you boil it all down it is basically services, and they are going to demand more and more services. Now, the truth of the matter is, Senator Bellmon, that you can build a 10-block street and pave it in McAlester, Okla., a whole lot cheaper than in New York City, and lay a mile of telephone line or gasline or anything else in McAlester, Okla., a whole lot cheaper than in Chicago, Ill. What we are coming to in this complex society in which we live is the problem of delivering services people want. When you can build a farm-to-market road, or city street, which is about the equivalent I think in quality, in one of our Oklahoma, New Mexico, or Texas towns for less than $25 a foot compared to several million dollars a mile for one of these overhead expressways, you are obviously talking about a disproportionate expenditure of funds to deliver services to people. This is why we have to give some serious thought to a national policy of relocation of people, in my judgment, throughout the broad expanse of these United States. But I say that personally, not——

Senator CURTIS. Would you yield right there, Senator Bellmon?

Isn't it true that the current Federal policy of granting tax exemption to industrial development bonds goes right to this very point?

Secretary CONNALLY. Yes.

Senator CURTIS. That has been one of the most important weapons that the States and localities have had and it is made possible because of the Federal policy, Federal law that these bonds of $5 million are tax exempt.

Secretary CONNALLY. That is correct, and I think it is very valuable.

Secretary HARDIN. Could I just make a comment, if I might?

I believe, Senator Curtis, under the revenue-sharing program there would be nothing to keep a State from using some of these funds, if thought desirable, to give State tax relief as a means of attracting industry. Would this be possible?

Mr. CONNALLY. Yes, that is possible.

Secretary ROMNEY. As a matter of fact, as one who has been in industry and had some familiarity with the concerns of the people in locating plants and so on, and some opportunity to observe what the States are doing, my observation is that in States where they make the small community an attractive place for a plant location by providing transportation, by providing education, cultural advantages and so on, that there are people looking for such locations in which to put plants. There are people who desire to get out of the metropolitan areas. These revenue-sharing funds would be available for local use in that way.

Furthermore, my understanding is that these small communities that organize and identify their advantages and go out aggressively and seek employers and plants often get them.

Senator **Bellmon**. I would like to ask Secretary Hardin a question and perhaps come back to Secretary Romney.

How many offices of the U.S. Department of Agriculture operate in this country today?

Secretary **Hardin**. Outside of Washington, something over 20,000.

Senator **Bellmon**. 20,000 offices.

Now, what is the mission of these offices? Are they really concerned with rural development or what are they created to do?

Secretary **Hardin**. There are approximately 3,000 counties in the country. In most of those counties there is an agricultural extension office which is operated primarily by a land-grant college. There is in a large proportion of those counties, perhaps two-thirds, a county ASC office. There are Soil and Water Conservation Districts in most of these counties and Soil Conservation Service offices that serve all of them. Farmers Home Administration, again, covers all the counties in the country in one way or another. Federal Crop Insurance Corporation has fewer offices but still covers the areas. Then to add to the total: There are the market news offices that are scattered about the country, meat and poultry inspection headquarters, the commodity distribution programs, the food stamp programs, and all the others add up to the totals.

Senator **Bellmon**. Mr. Secretary, how much money is used in supporting these offices roughly? Do you have an exact figure? How many personnel are involved in it? Can you give us an estimate?

Secretary **Hardin**. Of course, among all the programs of the Department of Agriculture, many are urban related. The food stamp program, for instance, has a much heavier impact in urban areas. Of the 82,000 permanent full-time USDA employees, about 71,000 of them are located outside of the Washington area.

I cannot give you the exact dollar figure but personnel costs, including fringe benefits and so forth, run roughly a billion dollars a year. If you sliced it that way, a very large percent of that would be expended outside of this immediate area.

Senator **Bellmon**. Let me ask one question now. Does revenue sharing mean you are going to wipe out this total bureaucracy?

Secretary **Hardin**. No, it does not, Senator Bellmon.

Senator **Bellmon**. What will happen in my county with the ASC and FHA office and Extension office? Will it be up to the State to decide what to do with these offices or will there still be USDA functions?

Secretary **Hardin**. There will be no change in your State.

Senator **Bellmon**. Excuse me, I did not hear.

Secretary **Hardin**. I do not believe there would be any change in these offices in your State as a result of this proposed legislation. There would be—in a few areas of the country—some closing of offices.

Senator **Bellmon**. It would not be up to the State to decide whether to keep these offices?

Secretary **Hardin**. Yes, it would for those few offices handling programs which were included in revenue sharing. There are a few of the county ASCS offices where their primary function has to do with the old ACP or the REAP program. These REAP funds are folded into the revenue-sharing package and it would be up to the States whether they would continue.

Senator **Dole**. Would the Senator yield?

I would like to make a point that was made in 1965 by the then Congressman Griffin, now Senator.

The 1965 Farm Act was pending in the House and he offered an amendment which said in effect that the number of USDA employees should never exceed the number of farmers, and it passed on a voice vote; then Carl Albert jumped to his feet and asked for division and it was defeated. It made a good point, however, even though it was probably offered tongue-in-cheek.

Maybe that is what we hope through Government reorganization and revenue sharing that we can free up Government. I do not criticize those in Government—they are dedicated men and women for the most part. We have fewer and fewer farmers as I said in my opening statement. We are reaching the point where we would have an equal number of each. This would not be desirable.

Secretary **Hardin**. In our Department the number of employees concerned with the farm program has declined. The total number of employees has increased recently as a result of one of the consumer protection programs.

In describing these offices I left out a very important group and I must put it on the record, and that is the Forest Service.

Senator **Bellmon**. My reason for raising the question about the number of offices and employees and money in supporting them is to get to this key issue and that is this: Does the Department really have a concentrated or concerted effort underway and are you staffed to handle the problems or the opportunities of rural development at the county level or at the state level?

Secretary **Hardin**. Yes, Sentor Bellmon. In addition to the State rural development committees, there is in almost every county a local USDA committee that is considered a rural development committee. It is available to work with local civic and other groups to bring the benefit of their expertise and their knowledge of the Federal Programs to these local groups. It is farily well organized—better in some places than others, more active in some places than others—but they do exist.

Senator **Bellmon**. Are they staffed with Federal personnel or funded with Federal money, or is this a strictly volunteer——

Secretary **Hardin**. No, these are agency staff people paid from Federal funds.

Senator **Bellmon**. Their mission is rural development?

Secretary **Hardin**. Yes, in addition to other duties.

Senator **Bellmon**. I was not aware they had such a thing, Mr. Chairman.

I would like to say one thing, Mr. Chairman, in conclusion. I know we are running out of time, but we have before us three gentleman that I think are qualified by experience and training to offer ideas to the committee as our report proceeds, particularly former Governors Connally and Romney. I think if they would give us some of their own personal ideas apart from revenue sharing, what this committee might recommend to the Congress in the way of workable programs to help bring about rural balance, I think we all agree is necessary.

Senator **Humphrey**. We would appreciate that very much. It is an imposition on them, but the truth is we are really searching for proposals. We do not have here any major overall or highly developed proposal on the part of the committee. We have the administration proposals and special revenue sharing which have had a good airing this morning. But as Senator Bellmon has said, and others, we are interested in rural development and proposals relating to that subject such as tax incentives. I do not really know how effective they would be, but we need to have such suggestions.

I wanted to follow up Secretary Hardin just for clarification purposes about the number of offices and all. I do not consider this a most critical point, but it relates again to the flexibility aspect of the special revenue sharing.

Do I understand you to say that the decision as to whether or not an office, let us say for the Soil Conservation Service or an office for the Farmers Home Administration or any of these offices covered by special revenue sharing, that the continued existence of those offices would be determined by the State rather than the Department of Agriculture.

Secretary **Hardin**. Mr. Chairman, the one you mentioned, Farmers Home Administration, is not included except for water and sewer grants.

Senatory **Humphrey**. That is why I mentioned it. It is not included because it is not included in this special revenue sharing?

Secretary **Hardin**. That is correct.

Senator **Humphrey**. My question is directed for the purpose of clarification. It is only those items covered under special revenue sharing which are subject to the ultimate jurisdiction of the State regarding of the decisionmaking, let us say of the Governor or through whatever instrument he has as to what offices will be maintained, is that correct?

Secretary **Hardin**. I think I missed a word there, I am sorry, Mr. Chairman.

Senator **Humphrey**. It is only those items covered under this special revenue sharing?

Secretary **Hardin**. That is right.

Senator **Humphrey**. The jurisdiction of which is left to the State as to whether or not an office will be maintained?

Secretary **Hardin**. That is correct.

Secretary **Connally**. With the additional exception, Mr. Chairman, of the Extension Service which we recommend.

Senator **Humphrey**. Which you recommend be maintained!

Secretary **Connally**. Be maintained in the law as mandatory, at approximately the 1971 level.

Senator **Humphrey**. Now, what would happen to the people, or to put it another way, the people that are presently employed under the sewer and water program, let us say, or that are presently employed under any one of the programs listed under special revenue sharing? These are now Federal employees. What happens to them? Are they maintained or cut off the payroll, or what happens?

Secretary Hardin. Yes. Let us start with the Extension Service if I may, because these are people paid by the Land Grant Institution as Extension personnel, but included for many, many years in the Federal civil service retirement program and a few other fringe benefits.

Senator Humphrey. Right.

Secretary Hardin. The act provides that those that are now covered will continue to be covered for the extent of their employment, that is retirement, as State employees with the Federal portion of the retirement funds being paid from the shared revenue. In other words, a county agent with 15 years to go to retirement would have his Federal share come out of the shared revenue at the State level, but he would be eligible to continue on the program. However, new employees of the Extension Service would not be accorded this opportunity.

I might add that this makes good sense. As a former university president who had responsibility for Extension personnel, I recall a time, as you will also recall, when many of the universities including land-grant universities did not have retirement programs.

Senator Humphrey. Right.

Senator Hardin. A special effort was made to qualify these Extension people under Federal civil service. As the universities improved so did their retirement programs and then there was duplication. So there is no longer the need in most of the States to have the Extension people under the Federal program.

Senator Humphrey. Now, you have for example in the 1971 budget. We have people that are with the resource conservation and development program, people with the rural water and waste disposal program. These are all included in your special revenue sharing programs. What happens to those people that are presently Federal employees?

Secretary Hardin. Let us say that if every conceivable job associated with the program folded into the revenue sharing proposals were abolished—which they would not be, but they all were—would be about 4,000 nationwide. That is your outer limit.

Senator Humphrey. Yes.

Secretary Hardin. Most of them, of course, will be continued, but a few of them would be at the option of the States. It would be my judgment that normal attrition probably would take care of many of these adjustments. I think only a few offices would be affected. These would be in the ASCS. There are a few ASCS offices whose primary and almost only program would be the REAP. If the States elected not to continue it, then perhaps some of those would be eliminated. It would be a very small number.

Senator Humphrey. The reason I put the question to you, I know there is going to be some questions by the proponents and opponents. I might say if you wish to come back—or not to come back, but to send the committee any statement that would clarify these concerns relating to personnel, what happens to the agencies and offices, we would like to incorporate it into the record because there is a lot of misunderstanding—or put it this way—there may even be some purposely misunderstanding, and I would like to get as good and clean a record on what the special revenue sharing plan has to offer as we can get.

Secretary Hardin. We will be very pleased to do that, Mr. Chairman.

Secretary Humphrey. You might examine all its ramifications administratively and what some of the options are.

Secretary Hardin. Our statement as to the offices and employment?

Senator Humphrey. Yes.

Secretary Hardin. Very good.

(The information follows:)

Impact of Revenue Sharing on Employment

Programs from five agencies of the Department are included in rural revenue sharing: Extension Service, Agricultural Stabilization and Conservation Service, Soil Conservation Service, Forest Service, and Farmers Home Administration. Since the proposed legislation would require the States to maintain the Extension Service at the fiscal year 1971 level, enactment of the revenue sharing legislation would mean only a change in financing and would not result in a decrease in employment for the Extension Services in the States. Funds for Federal administration of Extension are not included in revenue sharing.

Enactment of revenue sharing is not expected to have a significant effect on either Forest Service or Farmers Home Administration man-year levels.

After enactment of revenue sharing, no applications for the Rural Environmental Assistance Program would be accepted. States, of course, could at their option continue the program. There are about 3,000 man-years of ASCS County Committee (non-federal) employment and 200 man-years of employment in the Agricultural Stabilization and Conservation Service involved in carrying out this program. In addition, there are about 700 man-years in the Soil Conservation Service involved in providing technical assistance for the REAP program. The impact on employment for the REAP program is contingent upon the extent to which the States continue the program and request services on a reimbursable basis.

In addition to the approximately 700 man-years in the Soil Conservation Service related to REAP, there are nearly 600 man-years in the Resource Conservation and Development Program. Under the revenue sharing proposal, services by SCS in carrying out this program would remain available to farmers and ranchers to the extent that States request such services on a reimbursable basis.

Employment under the Great Plains program would show an immediate reduction of about 50 man-years to a level of about 350 man-years. The Soil Conservation Service would continue to carry out existing commitments which would not be completed for up to ten years after enactment of revenue sharing. To the extent that States do not request services for new contracts, a gradual reduction in employment over the ten year period would be necessary.

Every effort will be made to minimize any adverse impacts on employees affected during the transition phase to rural revenue sharing through normal attrition and reassignment.

Senator Humphrey. Mr. Secretary, one other question, and I know the time is running out.

I emphasized in my statement national growth policy I emphasized it as a part of the whole subject of rural development. I have about a two-prong question here to you.

When you took office the Department had an agency called the Rural Community Development Service that was especially designed, at least according to its declaration, for the purpose of working with other departments of the executive branch of government to assist those departments to more effectively extend their programs to people living in rural areas and communities. I understand that agency has been dismantled. Would you explain the reason for its dismantlement and what if anything you are now doing with other departments in helping them get their programs out to the people in these smaller communities and other rural areas?

Secretary **Hardin**. Yes, we did dismantle that rather small office. I think there were less than 10 employees in it. From the time it was established, I understand, there was some thought of having corresponding officers in each of the States. This was never approved in Congress. It was never done. So we actually allocated the functions to the agencies that had the individual responsibilities. After living with this for a while, we were not sure we made a wise decision. We did bring in Dr. Ahlgren as the Deputy Under Secretary for Rural Development to carry out those functions.

Mr. Chairman, I am just about to recommend that something very close to what you asked about be redesignated, so we have made the circle.

Senator **Humphrey**. In other words, you have taken another look at it and you feel there may be some necessity in establishing the agency—or something similar. We will want Dr. Ahlgren to come to us, if it is agreeable with the department, to give us some counsel and advice on this.

Before we leave here—yes, Senator Bellmon?

Senator **Bellmon**. Could I ask one question?

I would like to ask Secretary Romney and perhaps Secretary Connally how they would counsel a committee in the Congress so far as whether or not revenue-sharing funds should be exempted from this spending limitation? The reason I am asking, as a former Governor I think I can sense the state of panic it might result in if we set up programs along a certain expenditure level, and suddenly these funds were frozen. Do you have a feeling as to whether or not these funds should be exempt?

Secretary **Romney**. I think it would be highly desirable. As a matter of fact, I think one of the most frustrating experiences Governors and mayors have had is to see authorizations sticking way up here and appropriations way up there and find out what you are actually going to get is way down here. I think in any situation being able to count on a special revenue-sharing amount and to plan on that basis is very helpful in achieving better results. So I would certainly hope that this could occur, and I think it would be highly desirable. I think it does depend upon the factors I mentioned, namely, some greater degree of relationship between appropriation and the outlay ceiling so you do not run up against a situation where you have to cut appropriated money in order to live within an outlay ceiling, because you do have a very high percentage of uncontrollable items in the Federal budget.

Senator **Humphrey**. Might I just take the time now to say a word about outlay ceilings.

I have asked the counsel of the Committee on Appropriations to give us some information. It is the judgment of the Chair that the outlay business has not been properly interpreted this morning, namely, that this is a flexible ceiling and that the total amount of the outlay ceiling is now $1,700 million above the expected outlays. So there is a flexibility there that does not limit the utilization of funds. I do not think this is particularly appropriate or necessarily germane to your subject on special revenue sharing here, but it came up as a point of argument.

The outlay ceiling for fiscal year 1971 was adjusted upward from some $200 billion to $214,500 million. This is, and I am reading from the budget for fiscal year 1972:

> Congress ended the 1971 outlay ceiling in the second supplemental appropriation. The outlay ceiling for the year as a whole is now estimated as $214 billion 300 million. This is $1 billion 700 million above the present estimate of actual outlays. Actual $212 billion 800 million.

The second appropriation bill I have in my hand, and the aggregate amount of adjustment made pursuant to paragraphs 1 and 2. These were adjustments under a flexibile outlay ceiling shall not exceed $4½ billion, that 4½ upward flexibility over and above all expected outlays under all appropriations of Congress.

Secretary Romney. Not appropriations, Mr. Chairman.

Senator Humphrey. Yes, appropriations.

Secretary Romney. Not appropriations. The administration is holding the outlays below that outlay ceiling to that extent as a margin of safety, but the appropriations are many millions of dollars above the outlay ceiling. I made it very clear in my statement that it was a flexible ceiling but it does not take into account all the items where you need flexibility. The result is you get up against the problem I mentioned.

Now the appropriation level is billions of dollars above the outlay ceiling.

Senator Humphrey. May we just—this is now related to a question of some importance here. Mr. Scott is here and he is an objective man, I believe. I would just like to know what the facts are. I do not like to argue about something I do not know all the details about. Let us hear from Mr. Scott.

Mr. Scott. I believe what the Secretary said is correct, that the increase in the amount of the appropriation over the estimate does not increase the ceiling by that amount. It is increased by an amount that the Director of the Office of Management and Budget determines the outlay impact would be from the appropriations. The expenditure limitation in the second supplemental appropriation bill of 1971 took the President's budget, $200.8 billion. It used his figure. Then it went on to say that if the Congress increased the budget the outlay impact from that increase in appropriation would increase the limitation by that amount.

Senator Humphrey. There is a certain amount of money that we mentioned here. This was precipitated by a question that I asked and I will go back to it. I want to get the clarification, not particularly anxious to win an argument, just particularly anxious to get some facts.

You have withholding of $200 and $350 million in water and sewer appropriated by Congress in 1971. That is where the argument started. Now, the question. Does the outlay ceiling require the President to withhold $200 million?

Mr. Scott. No, sir.

Senator Humphrey. Why do you say no, sir?

Mr. **Scott**. Well, the budget that was submitted by the President indicated that so much would be expended from the amount that was appropriated. Now, if the Congress increased the appropriations over the budget, over what was in the President's budget, the amount of the expenditure impact from the increased appropriation would have increased the limitation.

Secretary **Romney**. From the $200 billion level to the $214 billion level. There is no disagreement on that. There is no disagreement on the fact the President has held it slightly low, the outlay ceiling, $1.7 billion, about one-half percent of $200 billion budget margin of safety because of the fact you have to take into consideration not only the outlays that occur because of this year's commitment, but those accumulated in the past. He has got to have a little cushion. But the total authorizations by Congress for 1971 were about $238 billion. The appropriations were somewhere between $230 and $214 billion. The best estimate that I have been able to get out of those who seem to know is that it is somewhere between $225 and $230 billion. But my basic point is still a valid point, and that is that Congress appropriates and gives contract authorization in excess of the outlay ceiling, and when it does that then the President has to cut back on the level of appropriations overall.

Now, a President would be very foolish in line with his responsibility to live within the outlay ceiling not to leave himself a margin of the magnitude you are talking about, considering the fact that you have got an accumulation of unused appropriation and contract authorizations, running into many billions of dollars and you do not know how far they are going to reach.

Senator, let me direct your attention, therefore, to flexible items that are not provided in a ceiling such as this. We undertake to estimate how many houses are going to come back to us and how many we can sell in a given year. Our estimates may be off by several hundred million dollars, as they are this year. And they are going to be several hundred million dollars less in terms of income this year than was estimated. Now, that is not provided for in the adjustment of the outlay ceiling. So there are a number of items of a flexible character not provided for. The increased appropriation is—but my point is still a valid point, sir.

Senator **Humphrey**. That only results in the fact that expenditures are higher than you had estimated earlier.

Secretary **Romney**. Yes, that is right, but you have to protect against that sort of thing. That is why you have to have some little margin. $1,700 million, a half of 1 percent which is a very little margin considering what you are dealing with. But the margin between appropriation and outlay is many, many billion of dollars, and that is what requires the President to cut back on these outlays and withhold.

Senator **Humphrey**. The question is for——

Secretary **Romney**. It is also true, Senator, and this is a very complicated process, as Mr. Scott knows, but it is also true that different appropriations come in at different times from the standpoint of outlay. That is one of the problems, as you know.

Senator HUMPHREY. Well, one of the problems that you have is that the expenditure effort in February 1970 for the Department of Defense, $71.191 million, jumped to $73,370 million. So that you have to find the money some place else.

Secretary ROMNEY. That is right.

Senator HUMPHREY. However, there was provided in the supplemental appropriation a certain amount of flexibility. All I am saying is that in that supplemental appropriation there is $1,700 million difference between the ceiling and the lower expected outlays.

Secretary ROMNEY. That is correct.

Senator HUMPHREY. Therefore many of the funds that were appropriated, that are being withheld, could be appropriated, could be expended within the ceilings.

Secretary ROMNEY. If you want to wipe out a reasonable margin of protection against the ceiling. You cannot do it right on the button, and what we have is a very reasonable margin.

Senator HUMPHREY. But I thought we were getting a little bit over excessive on it, Mr. Secretary.

Secretary ROMNEY. Mr. Chairman, my point is——

Senator HUMPHREY. You are a tenacious arguer, even with a bad case.

Secretary ROMNEY. My case is a valid case, and let me strengthen it. Really this is a sheer game as far as the Government and people of this country are concerened, because they cannot keep up with it and when you appropriate one ceiling and provide a lower outlay ceiling, it causes disruption all through this country because of the requirement to withhold funds, and that has been going on continuously here and is a very serious matter. Senator, if Congress wants to regulate military expenditures, and this is a very important point as far as I am concerned—if you want to regulate military expenditure then you have to relate the outlay ceiling to individual departmental budgets. It is perfectly true that in the adjustment you cannot have outlay go up for military and reduce it for domestic programs. That is because you get appropriations way up here and outlay way down here. You shift the responsibility for determining how the appropriation is going to be cut from Congress to the Executive.

Senator HUMPHREY. My point is when you increase appropriation to increase your outlay ceiling that is related to the expenditure under that outlay ceiling. I think that is——

Secretary ROMNEY. You are correct on that point, but I am correct overall on the basic situation.

Senator HUMPHREY. Senator Curtis.

Senator CURTIS. Due to the lateness of the hour I have about three more questions to submit to Secretary Hardin. I wonder if I could submit them and——

Senator HUMPHREY. May we also all have the privilege of submitting questions for the record, particularly on this special revenue sharing.

(Additional information supplied for the record is as follows:)

UNITED STATES SENATE,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C., May 25, 1971.

Hon. JOHN B. CONNALLY, *Secretary,*
Department of the Treasury,
Washington, D.C.

DEAR MR. SECRETARY: I appreciate your appearing before the Subcommittee on Rural Development on April 23 of this year to testify on the President's proposal for Rural Community Development Revenue Sharing.

I believe that the hearings were most productive and they have provided us a good opportunity for further dialogue on revenue sharing for rural areas. As you will recall, the Hearing Record was left open to enable Members of the Subcommittee to submit additional questions to the witnesses to complete and clarify the Record of the Hearing.

I have attached a list of questions to be answered by you. I would like to close the Hearing Record as soon as possible so that the Hearings may be printed and distributed to interested parties. Please respond to the attached questions by June 15.

Sincerely,

HUBERT H. HUMPHREY, *Chairman,*
Rural Development Subcommittee.

(Note. Letters identical to the above were also addressed to Secretary Hardin and Secretary Romney. The questions submitted by the Subcommittee and the answers supplied by the witnesses are grouped according to subject matter as follows:

1. Impact on national balanced growth policy (Title IX of Agricultural Act of 1970) of President's revenue sharing and reorganization proposals.
2. Impact on existing programs and agencies of President's revenue sharing and reorganization proposals.
3. Replacement of State and local sales and property taxes by revenue sharing funds.
4. Impact on wages of hired labor in rural areas.
5. Lack of protection against run-away industries.
6. Impact on rural electric power generating capacity and power supply.
7. Impact on low income families of revenue sharing proposal.
8. Impact on areawide planning and development districts of States.
9. Authorized uses by States, counties, and municipalities of revenue sharing funds.
10. How revenue sharing will work procedurally.
11. Federal control and supervision of revenue sharing expenditures.
12. General.

In some cases, questions submitted to one witness were referred to other government officials who prepared the response and sent it to Chairman Humphrey. In instances where this occurred, the answer to a question is attributed to the official who supplied the response.)

1. IMPACT ON NATIONAL BALANCED GROWTH POLICY (TITLE IX OF AGRICULTURAL ACT OF 1970) OF PRESIDENT'S REVENUE SHARING AND REORGANIZATION PROPOSALS

Please provide for the Record an estimate of the effect upon farm family income of adoption of the rural revenue sharing proposal. Will the contemplated program tend to increase or decrease the income of a typical adequate commercial family-type farm?

Secretary HARDIN. The rural revenue sharing program is designed to give decision-makers closest to problems the means to solve problems. It is not designed to assure an adequate food supply, nor to maintain or improve farm income. National programs with those objectives will be maintained.

It is possible that local decisions might affect farm income under the revenue sharing proposal. The program would be expected to be neutral with regard to farm income, even though it would be of general benefit to the farm and rural population.

Do you visualize the rural revenue sharing proposal as having any effect in improving the bargaining power of farmers and ranchers in the market place?

Secretary **HARDIN**. Not directly. The program is not designed for this purpose and is not expected to have a significant effect on farmer bargaining power.

What effect will rural revenue sharing have on the prices and incomes received by the farmers?

Secretary **HARDIN**. It is not expected to have a significant direct effect.

RURAL-URBAN BALANCE

In further exploration of Secretary Connally's reply to Senator Bellmon on page 71 of the transcript: In terms of the rural areas getting a fair share, it is the purpose of Congress, as expressed in Title IX of the Farm Act last year, and in Title VII of the Housing and Urban Development Act of last year, and as expressed in numerous messages and statements by the President of the United States, that the Nation should undertake policies to bring about a more uniform geographic distribution of population, jobs, and economic opportunities in this country. Would the Administration approve the balancing up of the rural revenue sharing dollar amounts in comparison with the funds provided for urban community development so that such better balance would help reverse the trend of outmigration from rural areas?

Secretary **HARDIN**. A major purpose in the revenue sharing proposals is to provide an equitable distribution of funds for community development between rural and urban areas. Because rural communities now lag the urban areas in effort and resources for this development, the balance provided by the revenue sharing proposals will, in fact, contribute to the rural development objective of a more uniform geographic distribution of population, jobs, and economic opportunities. We do not believe a balancing of rural and urban revenue sharing funds into equal sized shares is necessary for accomplishing this rural development objective.

However, the legislation proposed by the President does *not* limit the annual amounts to be appropriated. The rural development revenue sharing bill authorizes appropriations in such amounts as may be necessary. If experience indicates a need for altering the balance or totals proposed for FY 1972, this can be dealt with in the annual budget and appropriations process as necessary.

How were the round figures of $2 billion for urban revenue sharing and $1 billion for rural revenue sharing arrived at? If the Congress's and the President's purpose in encouraging rural development is to reverse the flow of migration so as to reduce the proportion of urban and increase the proportion of rural population, is it your feeling that a more nearly equal distribution between urban and rural revenue sharing might serve as a stronger incentive to population redistribution than a division based upon the present population pattern?

Secretary **HARDIN**. The round figures of $2 billion for urban revenue sharing and $1 billion for rural revenue sharing were arrived at through consideration of equity and the funding of present programs with rural and urban orientation which could logically be "folded-into" the revenue sharing proposals. The response to the previous question is relevant to the remaining portion of this question.

Is there anything in the rural revenue sharing proposal to prevent a State, if the Governor chose to do so, to accept his full pro rata share of rural revenue sharing funds and to reduce the present level of expenditures of his State Government for rural development purposes by an equal amount?

Secretary **HARDIN**. With the exception of the provision requiring that an agricultural extension program comparable to that for FY 1971 be maintained, the State could reduce present level of expenditures for rural development purposes by an equal amount.

It would be helpful to the Subcommittee in evaluating the rural revenue sharing proposal, if you could supply for the Hearing Record tabular material indicating for each State: (a) the percentage of population that is rural, by your definition; (b) the percentage that the rural revenue sharing payment to the State would be of the total of the proposed general and special revenue sharing payments to the State.

Secretary **Connally**. The table follows:

State	Population of rural revenue sharing areas as a percent of total population, 1970	Rural revenue sharing payment as a percent of total proposed general and special revenue sharing payments
Alabama	59.0	10.6
Alaska	100.0	5.6
Arizona	45.3	5.4
Arkansas	80.9	14.5
California	20.2	1.9
Colorado	33.7	5.6
Connecticut	17.7	1.9
Delaware	29.6	3.4
District of Columbia		
Florida	32.0	4.5
Georgia	50.3	10.4
Hawaii	18.1	2.5
Idaho	84.2	12.3
Illinois	21.8	4.4
Indiana	42.2	6.8
Iowa	67.9	13.8
Kansas	59.4	11.4
Kentucky	61.1	23.4
Louisiana	48.7	7.5
Maine	78.3	13.6
Maryland	15.7	4.6
Massachusetts	15.3	1.6
Michigan	24.4	3.5
Minnesota	50.1	9.8
Mississippi	84.2	15.5
Missouri	38.6	8.8
Montana	100.0	12.0
Nebraska	58.1	11.3
Nevada	100.0	6.8
New Hampshire	72.7	9.7
New Jersey	23.1	3.0
New Mexico	67.7	9.8
New York	15.0	3.0
North Carolina	66.2	12.0
North Dakota	100.0	15.1
Ohio	24.0	5.6
Oklahoma	60.5	10.6
Oregon	58.6	6.4
Pennsylvania	21.8	6.0
Rhode Island	16.1	2.6
South Carolina	66.4	12.3
South Dakota	85.6	14.2
Tennessee	52.1	13.6
Texas	36.2	6.1
Utah	35.4	6.1
Vermont	100.0	10.5
Virginia	42.9	7.6
Washington	34.0	4.8
West Virginia	70.9	15.8
Wisconsin	44.1	7.5
Wyoming	100.0	13.7
U.S. total	35.7	7.0

It is a matter of some concern, Mr. Secretary, that in setting aside a considerable sum of money in seven different categories for payments to States, with only one of the categories called "rural community development," that States and the general public will assume none of the money appropriated in the other six categories—one general and five special revenue sharing proposals—can be expended in rural areas. What assurance can you give us that this will not be the case? Is it the intention that funds appropriated under the other revenue sharing proposals be expended in rural areas for benefit of rural residents to their full pro rata share? What share of the total revenue sharing fund do you expect will be spent in rural areas? Can you give us this proportional breakdown as between rural and non-rural areas for the general revenue sharing proposals and for each of the other five special revenue sharing proposals?

Secretary **Hardin**. There is no base to assume that funds appropriated in the other six revenue sharing categories would be spent outside rural areas because of the existence of the rural community development revenue sharing proposal. The design of the other proposals is such that this will not occur. The general revenue sharing formula insures that urban and rural America will share in proportion to their population and general tax revenues. The other revenue sharing proposals are designed to attack functional problems, problems that do not neatly separate into rural and urban components. The urban revenue sharing proposals itself is not constrained to metropolitan areas. Of the urban program alone, $100 million is earmarked for towns outside metropolitan areas.

At this point in time, it is not possible to calculate the share of revenue sharing funds that will eventually reach one area versus another. This will depend upon choices made at the state and local levels regarding the use of these funds.

Why does not Section 201 provide for appropriation of a certain amount or percentage of funds for rural development? Why was not a similar formula as that used in the general revenue sharing proposal included here? What purposes would be served by the percentage of taxable income formula in general revenue sharing? Would not a similar dedication of national revenue *resources to rural development and bringing about a more uniform distribution of the population serve the same purposes in the rural revenue sharing measure?*

Secretary HARDIN. The general revenue sharing proposal is the center piece of the revenue sharing system. As such, its funds can be used for the full array of governmental activities. The appropriation for general revenue sharing is tied to taxable income for a couple reasons. (1) to insure continuity of funding thereby permitting states and localities to plan over a broader time horizon. (2) To make the appropriation responsive to the state and level of the economy, particularly in a way that is progressively related to national income trends. The special revenue sharing proposals play a significantly different role. They are designed to enable states and localities to more effctively deal with current socio-economic issues. These issues will change with time. So also will their degree of need. To the extent our efforts are successful in attracting industry to rural areas and creating viable communities of tomorrow, there will be a lessened order of need for public intervention. For these and other reasons, it would seem advantageous to avoid tying special revenue sharing efforts to a given share of taxable income.

Considering all of the general and special revenue sharing proposals as a whole, can you give us an estimate of what proportion of the total of all of the payments might be spent in or for the benefit of rural areas, inside and outside of standard metropolitan statistical areas? In open county and in cities and towns of less than 25,000 population?

Secretary HARDIN. The revenue sharing proposals are designed to give State and local governments greater flexibility in the allocation of public resources. As a result, it is not possible to estimate what proportion of the total will be spent within particular areas. This decision will rest with State and local units of government.

You testified at the Hearing that you had faith that City dominated State legislatures would appropriate to rural areas a fair share of the benefits of general revenue sharing and of the special revenue sharing funds. Is there any specific additional assurance in any of the five special revenue sharing proposals, other than the rural community development proposal? The President in the message on rural revenue sharing speaks of a national goal to reverse the flight of people from the land, are there any provisions in general revenue sharing or any of the five special revenue sharing proposals to make certain that this goal will be reflected in State and County expenditures of the funds received or is chief reliance in this regard on the rural revenue sharing proposal?

Secretary CONNALLY. We have asked the Department of Agriculture to supply the answers to this question.

Secretary HARDIN. Each of the revenue sharing proposals has provisions either in terms of formulas or guidelines that provide rural areas will receive their fair share. All the revenue sharing proposals would contribute to a better distribution of population. The key provisions which assure that this goal will be reflected in State plans are those which provide for equitable distribution of the funds and those which provide for local participation in deciding how the funds will be spent.

The general revenue sharing proposal ear-marks a fixed percentage of taxable personal income for the annual payments to States while the rural revenue sharing proposal does not designate any particular amount or fixed percentage. Why the difference between the two proposals?

Secretary CONNALLY. The two proposals have quite different purposes. General revenue sharing seeks to truly federalize a portion of the broad-based and equitable federal income tax as a state-local revenue source. As such, funds made available under this program would be spent for whatever governmental activities the states or localities determine to be essential. Automatically tying the annual appropriation for general revenue sharing to the personal income tax base serves to insure this federalization of the national income tax.

While general revenue sharing recognizes the national interest in providing a sound fiscal base for our entire federal system, the special revenue sharing proposals recognize that there are broad areas of national concern where states and localities should be allowed the freedom to solve pressing problems in their own way. Among the six special revenue sharing purposes, however, it is important to allow for national debate on priorities and on the relative merits of one purpose over another. Our sense of priorities will change over time, and appropriations will respond in kind. If each special revenue sharing program were tied to the tax base, achievement of any reordering of preferences would be difficult.

REVERSAL OF MIGRATION

From the standpoint of rural development and of the President's aim to try to reverse the migration trend of population out of rural areas toward overcrowded areas would it be desirable for Congress to direct that a particular specified share of each of the general and special ervenue sharing proposals, except urban development, be expended to improve facilities, services and opportunities in rural areas as defined in the rural revenue sharing proposal?

Secretary **HARDIN**. We do not recommend that such a Congressional directive be included.

Taking into account the President's expressed interest in reversing the trend of population migration to overcrowded areas, what would be your position relative to a requirement that more than a proportionate share based upon existing population, of general revenue sharing funds be used for rural development to supplement the funds provided in the rural revenue sharing proposal? In order to attract additional population to rural areas, would you favor increasing the proportion share going to rural areas of the other special revenue sharing proposals?

Secretary **HARDIN**. We do not have any recommendation for changes in either the general or other special revenue sharing proposals.

With reference to the rules, regulations, and standards which ay be prescribed by the Secretary of Agriculture under Section 306, please indicate, for each of the purposes listed in Section 2, what types or nature or form such rules, regulations, and standards might take. What standards will you use to determine whether funds were spent "to stem out migration from rural areas"? Are the words "necessary to terminate" as a purpose in sec. 2 binding upon your actions under Section 306?

Secretary **HARDIN**. Further opportunity for study by the Department would be necessary for us to state precisely the type, nature, or form of rules, regulations, or standards which might be issued under section 306 with respect to the various purposes of the Act specified in section 2. The type, nature, or form of regulations would not be circumscribed by the "necessary to terminate" language in section 2 referred to in your question, but would depend on a determination of what would be "necessary to carry out the purposes and conditions of the Act."

Would you care to make a statement for the Record of the Hearing concerning the results of recent Gallup Polls indicating that a majority of American people would rather live in rural areas? If they want to live in rural areas, why don't they move there now, even in the absence of a special rural revenue sharing program?

Secretary **HARDIN**. A deficiency of the polls now available on residential preferences is that they do not indicate how intensely the views are held or whether persons now living in different type of area from the one preferred have any intention or prospects of changing their type of residence. At present, the median income of families living in metropolitan areas is one-fourth greater than that of families in nonmetropolitan areas. This is a substantial difference, and probably the best indicator of why most people who live in large cities are dissatisfied with them do not move to rural areas or small towns.

Please give us for the Record your estimate of the total rural population, and the total urban population coinciding with the definitions of the two areas in the rural revenue sharing proposal?

Secretary **HARDIN**. As of 1970, the population of areas in the U.S. defined as rural in the revenue sharing proposal was about 72.6 million, and that of the rest of the Nation (by inference urban) was 130.6 million.

Do you have in mind any particular figure as a target for the proportion of National population that would be living in rural areas in some year in the future—say the year 1990 or 2000? If not, what is your suggestion for a realistic and proper goal for the nation in this regard?

Secretary **HARDIN**. The nonmetropolitan areas of the United States retained only 60 percent of their potential population increase during the 1960's. This was an improvement of the 1950's, however. A reasonable goal by 1990 or 2000 would be for the nonmetropolitan areas of today to retain the full equivalent of their natural increase. This might mean about 28 percent of the U.S. population living in such areas by the year 2000.

What are the implications of the stated goals in Section 2, of the proposed legislation for the rural revenue sharing proposal to the future relative populations of the several States? Distribution of population within the several states? Please provide appropriate tabular material for inclusion in the Record.

Secretary HARDIN. The implications of the stated goals of the rural revenue sharing proposals bear more directly on the distribution of population *within* states than *between*. Differential effects at the state level occur only because of within state differences in population composition. The effect within states will, of course, depend upon the way in which State and local governments chose to spend the funds. In general, the effect will be one of enhancing the opportunity of rural residents to gain access to improved community services and facilities, secure better employment opportunities, etc.

If the rural revenue sharing proposal results in changing the migration patterns over the next 10 years, what effects do you foresee that this will have upon the 1980 population of cities larger than 5 million? Cities between one and five million? Will there be a net drop in such population or will they continue to increase but a much slower rate than rural counties in the interior of the nation? Under such conditions would you raise current census estimates of future population of cities between 2,500 and 25,000?

Secretary HARDIN. It is simply not possible to estimate the effects of the rural revenue sharing proposals on rural-urban migration. Please refer to the response to the following question.

POPULATION REDISTRIBUTION

Please provide for the Hearing Record your best estimate of the net effect that adoption of the rural revenue population of the several Bureau of the Census regions of the United States, by say the year 1980? By the year 2000? By the year 2020?

Secretary HARDIN. The effect on rural population of adoption of the rural revenue sharing proposal would depend heavily on how the States elected to use the supplemental monies received, and this cannot be predicted. There are 13 States whose share of the proposed U.S. increase in rural community development funds over the present base amounts is more than double the State's share of the U.S. population in rural areas. These States are heavily concentrated in the Midwest (Indiana, Iowa, Kansas, Minnesota, and Missouri), and the West (Arizona, Hawaii, Idaho, New Mexico, and Wyoming). The others are Florida, Louisiana, and Maine. They presumably would have the greatest relative potential for affecting rural population trends under the rural revenue sharing proposal.

Could you suggest to the Subcommittee a reasonable goal for population redistribution within the several States and as among States to carry out the President's policy. Would you expect this to result from the back-to-the-country movement of already established urban families or of their children who are born in metropolitan areas? Or could the entire goal you suggest be reached by a simple steming the flight from the land?

Secretary HARDIN. The Commission on Population Growth and the American Future, which was recommended by the President and established by the Congress last year, is now in the midst of its deliberations and research on this question. I do not believe it would be well to preempt their responsibilities and recommendations in this area. They will make their final report next March. We would expect that additional population growth of nonmetropolitan areas would come from a combination of greater retention of indigenous population, return movement of rural natives from the cities, and some inmovement of urban natives—just as is presently the case.

In terms of reaching the President's goal of reversing the flow of population migration, what target or goal have you established, or think desirable to be established, as the annual net migration from metropolitan to rural areas? How many people would be involved in reaching such a goal as compared with the number of urban to rural migrants in a recent year?

Secretary **Hardin**. As with the previous question, we would prefer not to impose specific population target goals prior to the report of the Commission on Population Growth and the American Future. The Federal data-gathering facilities do not at present tell us how many people currently move to or from metro and nonmetro areas. We will have such tabulations eventually from the 1970 Census for the period 1965-70.

How much total expenditure do you estimate would be required over the next 10 years for rural community development in order to reverse the migration pattern of the past 20 years? How much would the States involved have to add to the rural revenue sharing payments they may expect to receive in order to bring this about?

Secretary **Hardin**. As phrased, the question is not answerable. Migration patterns are changing constantly and in some areas have reversed in the past few years. Because the conditions of the questions, including the techniques to be used, the patterns to be attained, the population configurations to be achieved, among other things, are open to conjecture, no specific anwer would be appropriate.

If, for example, no new construction were allowed in metropolitan areas, it would seem reasonable to assume that our increasing population would settle increasingly in rural areas. The public cost of such a policy would be only the cost of enforcement. But the private cost would include enormous increases in prices of existing housing, etc., in metropolitan areas, and presumably, increasing inconveniences for the population. Thus, this would not seem to be a feasible alternative.

What alternatives are feasible, and those most feasible, is a matter of public debate and controversy not susceptible to single answers.

Assuming a 100,000,000 increase in national population during the next given number of years, how many of these would it be realistic to expect would be residents, at age 21, of now rural areas?

Secretary **Hardin**. The answer to this question depends in part on the speed with which another 100 million population is acquired. When populations grow rapidly they have larger proportions under age 21. If the growth is spaced over a longer period the proportion under 21 is less. Let us assume that 100 million additional U.S. growth would come by 2010, which would correspond with the Census Bureau's D Series projection. That population would have about 81 million more persons at age 21 and over than we now have. It might be realistic for 1/3 of them to reside in areas that are now rural.

In Section 101(c)(2)(G) of the proposed legislation, encouragement of migration to rural areas is listed as a proper purpose and activity. Please clarify for the Hearing Record. Could this cover migration grants to encourage and enable the residents of, for example, New York City to move to a rural area in another State, for example, Wyoming? Is it your recommendation that Congress enact legislation that would bring about a net plus inflow of people and economic opportunities into rural areas as you have defined them? Should this be established in your opinion as a high priority national policy? Should this take the form of something like the Employment Act of 1946?

Secretary **Hardin**. The proposed legislation would not exclude use of funds for purposes of migration assistance. If the State and local governments receiving these funds chose to spend them in ways that would facilitate interstate or intrastate migration, the funds could be so spent. Given the favorable cost effectiveness record of pilot migration assistance programs administered by the Department of Labor, it would not be surprising to see some states use a portion of their funds for this purpose.

With regard to your question concerning a legislative recommendation, it does not seem feasible to dictate such a goal for all rural areas. There are many areas that lack the resource base needed to achieve this objective. There are many other areas that have consciously rejected these objectives.

FEDERAL INSTALLATIONS

In consultation with Secretary Romney, please prepare and supply for the Record of the Hearing, your best estimate of the dollar value of present Federal government installations that are located (a) in rural areas, and (b) in non-rural areas, as defined in the rural revenue sharing proposal. What is the annual payroll and local purchases expenditures in each area?

Secretary Hardin. Tangible assets of the Nation were estimated at about $2.8 trillion in 1967 and increasing at an approximate annual rate of 3.5 percent. Federal ownership of these assets was estimated at about 3 percent of the total. Distribution of the Federal share between rural and non-rural areas is difficult to estimate and even if accurate figures could be attained, they are probably not too meaningful because of installations leased by the Federal government and Federal contracts let to non-government organizations. The distribution of total Federal expenditures between rural and non-rural areas probably presents a better picture of the effects of Federal programs on rural development.

As reported in the first title IX report in fiscal year 1970, 68.7 percent of the population lived in urban areas (SMSA's) and 31.3 percent lived in rural areas (non-SMSA's). Total Federal expenditures, however, were distributed 67.9 percent urban and 32.1 percent rural, a disproportionate amount going to the urban areas. Larger metropolitan areas (1,000,000 + population) receive a higher amount of Federal expenditures per capita than smaller SMSA's. Conversely, the more rural counties received less per capital than the more urban non-SMSA counties.

The impact of the Federal budget, which compares in size to about one-fifth of GNP, can be very significant to the growth of particular industries and regions and it may be desirable to encourage shifts in certain Federal programs to stimulate a more balanced regional growth.

RESEARCH AND DEVELOPMENT

Please provide for the Record of the Hearing your best estimate of the annual volume of Federal research and development expenditures, including those of the Department of Defense, in rural as compared to urban areas, as defined in the rural revenue sharing proposal? May rural revenue sharing funds be utilized to influence such decisions through grants, buildings, or other means?

Secretary Hardin. Federal research and development (R & D) expenditures averaged $16.3 billion annually from 1965 through 1970, more than double the $8.1 billion in 1960, and nearly six times the $2.7 billion spent in 1955. R & D expenditures are distributed among the programs of almost all the major federal agencies. However, the Department of Defense, Atomic Energy Commission, National Institute of Health, National Institute of Mental Health, and National Aeronautics and Space Administration account for approximately 85 percent of Federal R & D expenditures.

About one-half of total Federal outlay for R & D is spent by the Department of Defense. The major portion is for high cost strategies and tactical weapon systems. Probably most of these R & D projects, because of their technical nature and need for highly skilled labor, are located in SMSA areas. The same analogy would apply for other Federal R & D projects as nearly all are highly technical and require elaborate installations.

Most Federal R & D funds will probably conutinue to be expended in SMSA's. Revenue sharing funds probably could be used more efficiently in encouraging geographical shifts in certain Federal procurement or service projects rather than R & D projects.

RURAL INDUSTRIALIZATION

Under the rural revenue sharing proposal, will the Department of Agriculture provide direct assistance within States to assist them in their newly finance efforts toward rural industrialization? What is the nature of any particular programs that you have underway, or contemplate initiation, if the rural revenue sharing proposal is adopted?

Secretary Hardin. The Department will continue to provide assistance which directly or indirectly aids rural industrialization efforts. Types of programs underway which would continue include (but not limited to) research, feasibility studies, demonstration programs, housing and community facility programs, education programs, soil and water conservation assistance, electrification and telephone services, land and forest use information and technical assistance.

Taking section 204 and paragraph 101(c)(2)(R) of the legislation proposed to implement the rural revenue sharing proposal, in conjunction with each *other, what are the range of permissible types of expenditures for rural revenue sharing funds "to provide direct incentives to industry to create jobs in rural areas" that the Secretary of Agriculture might prescribe?*

General Counsel of Economics Development Administration William W. Blount. In the opinion of EDA, the permissible types of expenditures of rural revenue sharing funds under the legislative provision "to provide incentives to industry to create jobs" would include any type of expenditure sanctioned by the State, including at the broadest range, direct grants to business, as well as loans and loan guarantees, interest rate subsidies, and lease guaranties.

How many industrial establishments are now located in rural areas, as defined in the revenue sharing proposal, and how many do you project as the goal of the new program? What is the increase of industrial payrolls in rural areas as compared with the current situation?

Secretary HARDIN. We do not now have data in sufficient detail to answer this question.

How much "private investment in industrial, agricultural, and commercial enterprises" as specified in Section 2 of the proposed legislation do you expect would be required "to stem outmigration from rural areas," as specified in the statement of purposes in Section 2?

Secretary HARDIN. The amount of private investment required to stem the outmigration from rural areas has not been estimated. It would depend on, among other things, the mix of public and private investment, the kind of investment to be made, the locations in which investment is to be made, the number of jobs to be created and the income to be returned to each worker, and capital-labor mix. These variables generally are not susceptible to prior estimation.

Because the growth of the U.S. national economy generally is great enough to absorb increases in the labor force without reduced wages or unemployment, there is no expectation that Rural Development would increase the capital investment requirements for the Nation as a whole over what would otherwise be invested. An effective program would, however, alter the location of the investment and thus might alter the amount of investment in any specific area.

Will the new unit, you are establishing in your office to reactivate the functions of the former Rural Comunity Development Service, have responsibility for influencing the geographic distribution of funds under the many research and development programs throughout the Executive Branch? Some of the witnesses at the subcommitttee hearings have laid great stress on the special importance to rural economic growth of location of Federal research and development grants and facilities in influencing the geographic distribution of new industrial plants, commercial enterprises, and consequent population trends; the subcommittee would appreciate having your evaluation of this suggestion and your view concerning the value of research and development in colleges and universities located in rural areas.

Secretary HARDIN. The duties of the new unit do not include authority for influencing the geographic distribution of funds.

We have not evaluated the importance to rural economic growth of locating Federal research grants in any detail. On the basis of casual observation, it would appear that such facilities would have "spin-off" effects and tend to attract other industries to the area.

One of the features that characterise those rural areas which grew rapidly during the 1960's was the presence of a State college or university. Education is a "growth" industry. Furthermore, the location of research activities in rural areas would provide the researcher with an opportunity to better understand rural people and their problems.

How does the desirability of, on the one hand, encouraging city people to move to open country and very small villages well removed from current metropolitan areas compare with, on the other hand, the desirability of encouraging the expansion of existing suburbs further and further into immediately surrounding rural areas? Should multi-county rural development districts conform to commuting patterns and commuting radius around a central location?

Secretary HARDIN. This Administration has the goal of helping families live where they prefer to live. It appears that many families prefer to avoid metropolitan congestion. To the extent that this helps develop underdeveloped rural areas, it is our policy to help people and families realize their preferences.

The form this development takes will be determined by those who take part. Whether it is urban or suburban or entirely rural depends on the circumstances of each area and the preferences of the families who live there. It is our objective to help these families plan and create their communities in the most efficient and effective way. Frequently this involves the development of multi-county districts that more or less conform to commuting patterns.

In the definition of rural areas used in the rural revenue sharing proposal, please explain your purpose and reasons for:

(1) omitting rural parts of metropolitan counties, parishes, and townships?

(2) including non-metropolitan cities up to 49,999 population?

(3) using 100 persons for 640 acres as the line of demarkation within metropolitan areas between urban and rural? Why not 200 or 50?

The concept of rural America is not, and cannot be, precise. Decisions on where to place the geographical boundary between urban and rural residents must, to some extent, be arbitrary. Generally, for purposes of defining rural areas in relation to our rural development objectives, we combine the smaller cities with the open countryside; we want such cities to have growth potential and to be conveniently distinguishable from other cities in respect to readily available social and economic data. The cities in 50,000 or lower limit of SMSA cities, served these purposes. The rural parts of metropolitan counties were included in the urban areas partly to simplify the classification problem and partly as a convenience in relation to available data. No injustices are anticipated by these procedures. We must view the rural community revenue sharing proposal within the context of all revenue sharing proposals. When considering both rural and urban community revenue sharing proposals no community is ineligible for assistance from one or the other. In fact there is some unavoidable overlap in this eligibility. The inclusion of the population density factor of 100 or less persons per square mile partly accounts for this overlap, as does availability of urban community revenue sharing funds in cities below 50 thousand in population. An important objective in rural development is to expand job opportunities in the less densely populated areas. The 100 persons per square mile seemed to be a useful demarkation.

Please provide for the Hearing Record your reasons for including cities up to 50,000 population in your definition of urban areas? How do the problems of incorporated places change as they increase in size from 2500 people, the current Census definition, to 50,000, your proposed new definition? How many incorporated places do you estimate there to be in the United States of the following size groups: (a) 2500 to 7,499; (b) 7,500 to 14,999; (c) 15,000 to 24,999; (d) 25,000 to 34,999; and (e) 35,000 to 49,999?

Secretary **Hardin**. We believe effective economic development of rural areas should be based on the concept of promoting development of multi-county areas that have strong internal economic ties. This will frequently take the form of developing jobs, specialized medical facilities, etc., in the larger towns and cities of each of these areas, within commuting range for the residents of the outlying areas.

As we noted in the response to question 29, there is no direct reference to a population of 50,000 in the proposed legislation. Communities of 50,000 are, however, included in SMSA's and are outside the scope of the rural revenue sharing proposal unless they are in counties with fewer than 100 persons per square mile. Clearly, the differences between a small city of 40,000 and one of 60,000 are only differences of degree, as are the differences between a village of 2,000 and one of 4,000. The towns of less than 50,000, however, comonly serve a hinterland which is essentially made up of small towns and open country and is comparatively small. As communities increase above the 50,000 level, the areas they serve become larger and their problems become, more and more, those of urban America. With the minor adjustments noted in the proposed legislation, Standard Metropolitan Statistical Areas seem to us to be a practical point at which to draw the line on the continuum between rural and urban areas.

The question concerns incorporated phase both in and outside urbanized areas. We do not have data for the size classes requested. We assume that your interest in number of places by size is primarily in places outside urbanized areas. The number of places outside of urbanized areas in 1970 was distributed as follows by size:

2,500 to 4,999	1,874
5,000 to 9,999	1,115
10,000 to 24,999	647
25,000 to 49,999	204

We do not know precisely how many of them are incorporated, except to say that the proportion probably ranges from nearly 4/5's of the places of less than 5,000 population to almost all of those of more than 25,000 people.

Would the rural revenue sharing proposal allow that all, or a certain percentage, of the funds be expended in growth centers providing employment to rural people even if these were larger than 50,000 population? Please comment on your position concerning the growth center concept in rural community development planning?

Secretary **Hardin**. The rural revenue sharing proposal requires that these monies be spent for the direct benefit of rural people. It is not likely that expenditudes in cities greater than 50,000 could satisfy these criteria.

We prefer the growth area concept which gives more stress on the entire area. It recognizes that there are certain basic services—education, health, welfare, manpower aids, etc., which should be available to all irrespective of where they live. Too often it is asserted that "growth centers" need at least 250,000 people. Such a concept would rule out most of America's Heartland, an area which we believe has growth potential.

Please provide for the Record, your explanation of the definition of "rural population." As now defined and used by the United States Census Bureau "rural population" are people who live in open country and villages, towns, and cities up to 2500 population. While your definition of "rural area" goes up to 50,000—your definition of "rural population" which refers to the Census appears to go up to only 2500. Please explain or clarify.

Secretary **Hardin**. The definition of "rural area" in the proposed Rural Community Development Revenue Sharing Act of 1971 makes no reference to communities of 50,000. Rural areas are defined as "any county, parish or similar political subdivision, including all area within the territoral confines thereof, whch either has a population density of less than one hundred persons per square mile or is not included within a Standard Metropolitan Statistical Area." Standard Metropolitan Statistical Areas commonly—but not always—contain a city of 50,000 or more, the surrounding county, and contiguous counties which are socially and economically integrated with the city.

The Bureau of the Census presents data both on an SMSA/non-SMSA basis and on a rural-urban basis. These definitions have been adopted because they are convenient for many analytical purposes. Often, they will not correspond exactly with the areas defined by particular legislation, but valid conclusions still can be drawn from them.

Please provide for the Hearing Record, the definition, used by the Office of Management and Budget, for "standard metropolitan statistical areas." Is it your intention, if the Office of Management and Budget should change this definition, or to change its application in a particular geographic area such that an area formerly outside an SMSA boundary is suddenly transferred to inside an SMSA boundary, that the area so transferred would immedately lose eligibility for rural revenue sharing benefits, if any, that it has been receiving or was eligible for?

Secretary **Hardin**. The present criteria used in establishing and defining the boundaries of Standard Metropolitan Statistical Areas are as follows:

PART I

CRITERIA FOLLOWED IN ESTABLISHING STANDARD METROPOLITAN STASTICAL AREAS

The definition of an individual standard metropolitan statistical area involves two considerations; first, a city or cities of specified population to constitute the central city and to identify the county in which it is located as the central county; and, second, economic and social relationships with contiguous counties which are metropolitan in character, so that the periphery of the specific metropolitan area may be determined. Standard metropolitan statistical areas may cross State lines, if this is necessary in order to include qualified contiguous counties.

POPULATION CRITERIA

1. Each standard metropolitan statistical area must include at least:

(a) One city with 50,000 or more inhabitants, or

(b) Two cities having contiguous boundaries and constituting, for general economic and social purposes, a single community with a combined population of at least 50,000, the smaller of which must have a population of at least 15,000.

2. If two or more adjacent counties each have a city of 50,000 inhabitants or more (or twin cities under 1(b) and the cities are within 20 miles of each other (city limits to city limits), they will be included in the same area unless there is definite evidence that the two cities are not economically and socially integrated.

CRITERIA OF METROPOLITAN CHARACTER

The criteria of metropolitan character relate primarily to the attributes of the county as a place of work or as a home for a concentration of nonagricultural workers. Specifically, these criteria are:

3. At least 75% of the labor force of the county must be in the nonagricultural labor force.

4. In addition to criterion 3, the county must meet at least one of the following conditions:

(a) It must have 50% or more of its population living in contiguous minor civil divisions with a density of at least 150 persons per square mile, in an unbroken chain of minor civil divisions with such density radiating from a central city in the area.

(b) The number of nonagricultural workers employed in the county must equal at least 10% of the number of nonagricultural workers employed in the county containing the largest city in the area, or be the place of employment of 10,000 nonagricultural workers.

(c) The nonagricultural labor force living in the county must equal at least 10% of the number of the nonagricultural labor force living in the county containing the largest city in the area, or be the place of residence of a nonagricultural labor force of 10,000.

5. In New England, the city and town are administratively more important than the county, and data are compiled locally for such minor civil divisions. Here, towns and cities are the units used in defining standard metropolitan statistical areas. In New England, because smaller units are used, and more restricted areas result, a population density criterion of at least 100 persons per square mile is used as the measure of metropolitan character.

CRITERIA OF INTEGRATION

The criteria of integration relate primarily to the extent of economic and social communication between the outlying counties and central county.

6. A county is regarded as integrated with the county or counties containing the central cities of the area if either of the following criteria is met:

(a) If 15% of the workers living in the county work in the county or counties containing central cities of the area, or

(b) If 25% of those working in the county live in the county or counties containing central cities of the area.

AREA TITLES

7. The following general guidelines are used for determining titles for standard metropolitan statistical areas:

(a) The name of the standard metropolitan statistical area is that of the largest city.

(b) The addition of up to two city names may be made in the area title, on the basis and in the order of the following criteria:

(1) The additional city or cities have at least 250,000 inhabitants.

(2) The additional city or cities have a population of one-third or more of that of the largest city and a minimum population of 25,000, except that both city names are used in those instances where cities qualify under criterion 1(b).

(c) In addition to city names, the area titles will contain the name of the State or States included in the area.

DATA SOURCES

The definitions and titles of standard metropolitan statistical areas are established by the Bureau of the Budget with the advice of the Federal Committee on Standard Metropolitan Statistical Areas. This Committee is composed of representatives of the major statistical agencies of the Federal Government. In applying the foregoing criteria, data from the following sources are used by the Committee:

Population, labor force, density, and occupational data: Bureau of the Census and Bureau of Employment Security.

Employment by place of work: Bureau of Old-Age and Survivors Insurance, Department of Labor, Department of Defense, and Civil Service Commission.

Volume of commuting: Bureau of the Census and Bureau of Employment Security.

Those counties that gain metropolitan status in the future (and have a population density exceeding 100 persons per square mile) would be phased out of the rural revenue sharing program and into the urban program. Since the rural and urban programs are planned and executed under a common State plan, this should entail a minimum of confusion.

Some states have a relatively large rural population; and in some of them, a very large proportion of the rural people are aged, very poor, disabled, or otherwise disadvantaged. What practical measures do you recommend for the rural areas in such States to undertake to increase the number of well paying jobs for the people that already live there? To increase profits of industrial firms: To encourage in-migration?

Secretary HARDIN. For the aged, very poor, and disabled we rely on the categorial assistance programs—social security, food stamps, the proposed family assistance plan, and medicare. We are currently mounting a development program together with the States to help firms find the sites they need and to provide jobs where they are badly needed. We recognize that firms need to be confident that their operation will be reasonably profitable in a rural location before they will consider it, but we are not mounting programs designed to increase firms' profits as such. We believe that community improvement plus the location of jobs in rural areas will quickly induce in-migration.

If the major weight in distribution of rural revenue sharing funds among the States is placed upon current rural pouplation, what incentive is provided for less populated States to increase at a greater rate than (a) States that already have a larger rural population? (b) States that already have large overcrowded conglomerates of thickly settled population?

Secretary HARDIN. The rural revenue sharing funds are distributed on the basis of three key variables: population, population change, and income. The data for each of these variables are to represent the most recent point in time for which they are available. Thus, to the extent that a less populated state increases its rural population at a more rapid rate than other states, its future share of funds will increase—assuming the other variables remain constant.

To what extent will county government, school districts, and other municipalties and public instrumentalities in rural areas share in the general revenue sharing payments? Is there a special safeguard in this regard for governments in rural places (places smaller than 2500 population) as there is for larger cities? In some of the special revenue sharing proposals 80% or more of the money is reserved for places larger than 100,000 population. Do you care to coment on this from the rural standpoint?

Secretary HARDIN. The first part of the question has been referred to Treasury Department for reply. We believe that the special revenue sharing proposals will provide rural citizens more funds and a more direct opportunity to participate in how these funds are used than heretofore. The reservations for large cities are for those components of revenue sharing such as urban mass transit which are specifically aimed at metropolitan problems.

Most of us recognize that the different States vary in the abilities to raise the revenues necessary to meet the modern demands for public and community facilities and services at levels consistent with our current ideas of the quality of life and living standards. Many years ago, many States inaugurated what became known as educational equalization programs. Can you provide the Subcommittee with a record of that experience and an analysis and evaluation of how it applies, in your judgment, to the current general and special revenue sharing proposals?

Secretary CONNALLY. We have asked the Department of Health, Education and Welfare to supply the answer to this question.

(Note. No answer was received from Secretary Richardson.)

Please explain how under the proposed planning system, full account will be taken of (1) the President's and Congress's stated policy to reverse the age long flight of people from the land, and (2) the expressed needs of residents and business firms in open country and small villages, towns and cities?"

Secretary ROMNEY. State and local officials are not less concerned than those of the Federal Government with problems of rural decline and excessive urban concentration. The real difficulties relate to specific actions that can be taken to foster balanced growth—where projects should be located, which communities have the best prospects for rapid development, what changes can be made in local government that will support development objectives. Typically, these are questions that can be better answered at the State and local levels. By assuring that more attention is given to such matters in all States and that plans are developed in a public and politically responsive way, the planning system proposed in the bill, coupled with the great flexibility of revenue sharing, should result in plans that are far more responsive to balanced growth considerations than are now generally available.

The Statewide plans are, as the language of the bill indicates, to be developed with the assistance of multijurisdictional district planning boards, which are to be organized so as to assure representation of local elected officials over the entire geographic area of the State. These officials are accountable to local voters and can be expected to know and be interested in the desires of residents and businesses in the different areas of the State.

2. IMPACT ON EXISTING FEDERAL PROGRAMS AND AGENCIES OF PRESIDENT'S REVENUE SHARING AND REORGANIZATION PROPOSALS

Please submit a table showing for each of the programs to be superseded by the general and special revenue sharing proposals, the amount that could be added to each of such programs, if the total of funds recommended for revenue sharing were instead used proportionally to increase the scope of programs to be superseded.

Secretary CONNALLY. The following table shows the distribution of the first full-year general revenue sharing funds plus the additional funds allocated to the special revenue sharing proposals among the Federal grant-in-aid programs united in the special revenue sharing proposals. This distribution is proportional, based on the budget authority for each program for fiscal 1972, and excludes the "hold harmless" reserve.

[In millions]

Description	*Budget authority*
Department of Housing and Urban Development:	
Urban renewal	[1] $386
Model Cities grants	[2] 234
Community development (special revenue sharing)	483
Grants for basic water and sewer facilities	[3] 48
Rehabilitation loans	[3] 24
Department of Agriculture:	
Extension service	101
Rural environmental assistance (formerly agricultural conservation) program	95
Rural water and waste disposal facilities (grants)	[4] 28
Forest Service grants for forestry assistance	14
Great Plains conservation program	7
Water bank program	7
Resource conservation and development program (grants)	3
Tree planting assistance	1
Department of Commerce:	
Regional development programs (except Indians)	26
Economic development assistance (except Indians)	154
Appalachian Regional Commission	188
Department of Agriculture:	
School lunch program (excluding assistance for needy children)	34
Nonfood assistance (caferteria equipment)	3
State administrative expenses	([5])
Department of Health, Education, and Welfare:	
School assistance in federally affected areas	85
Elementary and secondary education:	
Title I—Educationally deprived children	290
Title II—Library services	15
Title III—Supplementary services	28
Strengthening State agencies	6
Education for the handicapped	7
Vocational education	74
Department of Labor: Manpower training services	250
Department of Justice: Law enforcement assistance formula grants	236
Department of Transportation:	
Urban mass transit grants	[6] 253
Airport grants (planning and development)	[7] 106
Highway-related safety grants	5
State and community highway safety grants	48
Federal-aid highways—excluding interstate system	791
Highway beautification	32

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[1] Based on estimated reservations financed by 1971 budget authority of $200,000,000 and 1972 budget authority of $600,000,000.

[2] Based on estimated commitments financed by 1971 budget authority.

[3] Based on estimated reservations financed by 1972 budget authority and repayments.

[4] Based on estimated obligations financed by 1971 budget. authority

[5] Less than $500,000.

[6] Based on estimated obligations financed by budget authority of prior years.

[7] Based on estimated obligations financed by budget authority of prior years and by $15,000,000 budget authority in 1972.

COOPERATIVE JOINT CONCERTED EDUCATIONAL AND TRAINING SERVICES

What will be the disposition of the cooperative concerted educational and training services projects program, if both the rural revenue sharing and departmental reorganization proposals are placed into full force and effect? Could rural revenue sharing funds be used by Governors to expand, this program in those States where it is already operating?

Secretary **Hardin**. Yes, such efforts could be continued if the local and State people want to continue and expand this program. Also, States where program is not currently in operation could initiate and maintain a program from its share of revenue sharing funds.

We do not know to what extent funds that are currently available to the CSTE areas from programs administered by the Departments of Labor and HEW will be available under their revenue sharing plans.

PROGRAM TO STOP OUT-MIGRATION FROM RURAL AREAS

What will be the disposition under the proposed revenue sharing and departmental reorganization proposals of the Special Impact (I-D) program in which the Department of Agriculture cooperates with the Office of Economic Opportunity in job creation activities in rural areas of heavy outmigration? Please provide the Record with your evaluation of those pilot programs in rural counties as administered by Farmers Home Administration?

Secretary HARDIN. Late in fiscal year 1968, the Office of Economic Opportunity made $2.7 million available to the U.S. Department of Agriculture to carry out two impact projects.

Two 4-county areas were selected—one in Eastern North Carolina, the other in Eastern Kentucky (Appalachia). Similar proposals were written for each, substantially as follows: To stem outmigration, jobs must be made available. To make jobs available, business and industry to come in, conditions conducive to their coming had to be developed. This meant the establishment of water and waste disposal facilities, housing and training, etc., when needed.

NORTH CAROLINA PROJECT

$1.3 million was made available to the North Carolina project. Impact funds were used as seed money to get projects launched. This money was used for a variety of items. Among them were water and/or sewer lines to industrial sites, renovation of buildings for industrial plants, housing, health facilities, industrial parks and loans to industry to purchase equipment. The financial assistance was provided in the form of both loans and grants.

Thirty-four projects have been developed attracting a total investment of $38.5 million. $1.3 million of which was impact funds. Local government, local development groups, and individuals have put up $1.9 million in money or in kind. State and other Federal money going into the projects was $3.6 million, and private enterprise has invested $31.7 million.

The results as reported are as follows: For each dollar of impact funds invested, $28 from other sources have been invested in the 34 projects. One job was established for each $699 of impact funds invested. A total of 1,886 jobs have been established. Estimated payroll $8,826,000 when the 34 projects have been completed.

The ratio of dollars from other sources will be increased, and the cost of each job to impact funds invested will go down.

The Westinghouse Learning Corporation was employed to evaluate all impact projects first launched by OEO, and they said this was the most successful of all impact projects.

KENTUCKY PROJECT

$1.4 million was made available for this project. These funds have been tentatively programmed for twelve projects which include job development enterprises, industrial site locations, housing, health care facilities, regional library services, and training.

The Kentucky effort got off to a slower start than North Carolna. At this time we do not have measurable results to report.

These two projects were at one time experimental effort, funded by OEO. No additional funding is available for the outgoing projects or for new projects. Thus, revenue sharing will have no affect on these projects.

FOUR-CORNERS RURAL DEVELOPMENT PROGRAM

Various agencies of the Department of Agriculture developed and placed into operation an imaginative and constructve plan for rural resource development in the Arizona, New Mexico, Utah, and Colorado in cooperation with the Four Corners Commission. What would be the future of this constructive undertaking if the rural revenue sharing proposal were adopted?

Secretary HARDIN. The program referred to in cooperation with the Four Corners Commission could be continued if States desired to use funds for this purpose. There is nothing in the legislation to prevent two or more States from corroborating in a regional rural development undertaking. In fact, funds provided by the legislation will be used to encourage innovative approaches to rural development and to recognize originality, efficiency and performance.

ELIMINATE STATE MATCHING REQUIREMENTS

Recognizing that some States have a very much greater ability to pay the costs of Government than other States because of higher median family incomes and fortunate levels of business activity, could part of the solution come, in your opinion in eliminating the requirement for State- or local government-matching in certain grants-in-aid programs that are costly but which are of broad, common high priority interest throughout the nation? Would this relieve part of the pressure that now sometimes throws state budgeting and appropriation systems of States out of balance?

Secretary CONNALLY. The answer to both of these questions is, Yes. This is the very rationale behind the President's special revenue sharing proposals. They eliminate matching requirements and allow State and local governments considerable leeway in determining how best to spend the funds within the six broad categories of national interest.

How much fiscal relief would be provided to States and local governments and their instrumentalities, in rural areas, if, instead of adoption of the revenue sharing proposals, the Congress should enact legislation repealing all requirements for State and local matching of all existing grants-in-aid used in rural areas and made up the difference by direct appropriation? Would you care to comment on the fiscal aspects of such a proposal as compared to the proposed revenue sharing both from the Federal and the State point of view?

Secretary CONNALLY. The Office of Management and Budget has estimated that in the last few years, state and local government matching funds have accounted for 10 to 14 percent of general expenditures out of their own revenue sources. For Fiscal Year 1971, about $12 billion may have been required to cover matching requirements on all federal grant programs. Since non-metropolitan areas have been receiving about 30 percent of all federal aid outlays, between $3 and $4 billion may have been used this year to meet matching requirements for programs aimed at rural areas.

The removal of matching fund requirements would not allow state and local units to spend the relief granted on programs they choose. Federal money would still be available only for the narrow project and program uses specified in grant-in-aid legislation. Furthermore, the distribution of dollar benefits among rural areas would be in direct proportion to the existing pattern of distribution of current grant assistance, thus providing no help for those localities who have been unable to penetrate or understand the current grant-in-aid system. Consequently, such relief would not be a desirable substitute for revenue sharing.

TERMINATION OF PROGRAMS

In connection with the proposed legislation that you submitted to Congress that would carry out the rural revenue sharing proposal, please provide for the Hearing Record your explanation of the second paragraph of Section 2 "Statement of Policies". A careful reading seems to indicate no positive purpose; eliminating the dependent clauses the statement of purpose reads "Congress declares that . . . it is necessary to terminate and modify certain development programs . . ." Your comment and clarification will be appreciated.

Secretary HARDIN. The second paragraph of section 2 expresses the finding (and in a broad sense the purpose of the Act) that, in the words of the paragraph, "a system by which States may share in national revenues is necessary and desirable." The dependent clauses, to which you refer, spell out more specifically the ultimate purposes and objectives of a program of shared revenues.

Is the Section 701 program of planning grants for rural local areas and municipalities being completely terminated by the revenue sharing proposals?

Secretary ROMNEY. The 701 comprehensive planning program would be superseded by a new "planning and management" assistance program. This appears as title II of S. 1618. Under the new title, the Secretary of HUD could make grants to States for programs that could include planning, or planning assistance to, smaller communities or multi-jurisdictional districts.

The latter might also qualify for direct grants in some circumstances. In addition, the new program would authorize assistance for management as well as the planning activities now eligible under 701.

If, following enactment of the rural and urban development revenue sharing proposals, a city of 45,000 wished to initiate a neighborhood development program would the funds be derived from the urban revenue sharing fund which replaces the rural revenue sharing authority? What would be the case, if one of the proposals were adopted, but not both?"

Secretary Romney. The reference to urban special revenue sharing "replacing" the rural authority is not clear. The two proposals are parallel and one does not replace the other.

If a city of 45,000 were not in an SMSA, and did not have a past pattern of HUD assistance but was "initiating a neighborhood development program such as might now qualify for assistance under title I of the Housing Act of 1949, it would probably look to rural community development as a source of funds.

Such a community might also apply for urban community development funds, since the "discretionary" funds under that program (as well as the $100 million set aside specifically for communities under 50,000 in recognition of the number of such places currently receiving HUD funds) can legally be employed in either urban or rural places. However, whether any such funds would be available would depend upon other needs and demands, including "hold harmless" requirements.

Any effort to predict what would happen if "one of the proposals were enacted, but not both" would be purely speculative. Contemplated priorities, or even statutory provisions, could be changed to take account of such a situation, if necessary. Generally, however, in the case assumed, enactment of urban special revenue sharing would probably not have much effect on the community's prospects for securing Federal funds for starting an NDP project, while failure to enact rural community development special revenue sharing—and the great flexibility in funding it would provide—would greatly limit the possibility of Federal funds being made available.

Will cities up to 50,000 population, and their suburbs, be required to have a 'workable program for community improvement' to be eligible to utilize rural and urban revenue sharing funds for community facilities? Which program will provide the needed funds?

Secretary Romney. A workable program for community improvement is *not* a requirement for revenue sharing under either the urban or rural community development proposals.

As to which program would supply the needed funds for community facilities in a city of less than 50,000 if the city were in SMSA, it is most likely that urban community development special revenue sharing funds would be used; if the city were outside an SMSA, it is more likely that rural special revenue sharing funds would be used, unless the city had an ongoing program or pattern of using HUD assistance.

If the facility were a water or sewer system, the community could seek a HUD grant under the basic water and sewer facilities grant assistance program, which will not become a part of the urban community development special revenue sharing program as now proposed. Also, grant assistance for a variety of other kinds of "community facilities"—such as parks, sewage treatment plants and hospitals—could be provided through current, or expanded, Federal assistance programs that would not become a part of revenue sharing. In addition, the HUD public facilities loan program would remain to provide loan assistance for many kinds of public facilites to small communties that cannot otherwise obtain financing on reasonable terms.

EXTENSION SERVICES, RESEARCH, AND EDUCATION

If a "hold safe" provision is in order for the Cooperative Extension, why is not a similar provision in order for each of the other programs listed for termination under the rural revenue sharing proposal?

Secretary Hardin. The Cooperative Extension program is decentralized and subject to State and local control. Its programs are largely determined by local people and initiated and adjusted to meet the needs expressed by them. Specific language of Section 202(a) of the proposed legislation is for the purpose of recognizing this fact and continuing a program at a level which has successfully served national, regional, and local needs on a decentralized basis.

Is the Agricultural Research Service or the State Agricultural Experiment Stations affected in any way by either the rural revenue sharing proposal or the proposed Departmental reorganization? If so, in what way? Will ARS research that supports rural development be transferred to the proposed new Department of Community Development?

Secretary HARDIN. ARS is not especially concerned with the rural revenue sharing proposal since it has no funds for revenue sharing. ARS is, however, concerned with the proposed Departmental reorganization. Under the proposed plan, the functions of the Consumer and Food Economics and the Human Nutrition Research Divisions in ARS would be reorganized and consolidated into the new Department of Human Resources; the Soil and Water Conservation Research Division would become a part of the new Department of Natural Resources. All other organizational units would be in the new Department of Economic Affairs.

It is not anticipated that the State Agricultural Experiment Stations would be affected in any major way by either the rural revenue sharing or the proposed Departmental reorganization. Decision-making as to their use of resources as specified in the Hatch and McIntire Stennis Acts is in measure a responsibility of the Station Director. The research is required to be in keeping with the needs of the State and of the region. Revenue sharing, however, may result in more emphasis on relatively localized problems.

What percentage of local governmental expenditures are used for schools and education in rural areas in the different States? What percentage of the rural educational and schools' expenditure in the different States is raised by property taxes? By sales taxes? By local or State income taxes? In your opinion, will either of the revenue sharing proposals make a major change in the existing situation in these regards?

Secretary CONNALLY. Schools and education expenditures represented 40.5 percentage of the nonmetropolitan local government direct expenditures in the United States in 1967. These amounts ranged from 33.6 percent in Nebraska to 71.7 percent in West Virginia. The percentage figures for all States are given in the attached table 1.

Sufficient data exists to estimate the dependence on the property tax of rural school systems in thirty-seven states. This ranged from a low of 8.2 percent in Alabama to a high of 82.5 percent in New Hampshire. The average dependence on the property tax for the nonmetropolitan areas of these thirty-seven States was 38.1 percent. The data are summarized in table 1.

Data in table 1 indicates the portion of the general revenue for rural schools which comes from State sources. It averages 46.3 percent for rural America and ranges from a high of 69.8 percent in Alabama to a low of 10.0 in Nebraska. Inasmuch as these aids are basically from State general funds, the allocation to income or sales taxes is not possible.

The direct expenditure by State and local government for education in metropolitan and rural areas was $62 billion in 1969. If all of the $5 billion in proposed general revenue sharing were applied against this education expenditure it would pay about 8 percent of the bill. The $3 billion in education special revenue sharing is assumed in the short run to be used to carry on similar programs and uses as the current Federal programs it would replace.

TABLE 1.—PERCENTAGE OF LOCAL GOVERNMENTAL EXPENDITURES USED FOR EDUCATION, PERCENTAGE OF EDUCATION EXPENSES PAID FOR BY PROPERTY TAXES, AND STATE INTERGOVERNMENTAL REVENUES TO SCHOOLS, NONMETROPOLITAN AREAS, UNITED STATES, 1967

	Education as percent of total local expenditure	Percent of education financed by property tax	Percent of rural school revenue from State
United States or total	40.5	[1] 38.1	[1] 46.3
Alabama	46.2	8.2	69.8
Alaska	47.9	(2)	(2)
Arizona	57.0	40.7	39.8
Arkansas	53.4	34.9	52.7
California	35.8	51.4	38.1
Colorado	46.7	41.4	33.1
Connecticut	55.5	(2)	(2)
Delaware	67.2	(2)	(2)
Florida	47.7	29.8	52.7
Georgia	50.2	19.4	69.7
Hawaii	(2)	(2)	(2)
Idaho	52.7	37.0	42.5
Illinois	53.9	64.6	28.7
Indiana	51.5	52.0	36.3
Iowa	49.7	62.4	17.8
Kansas	46.1	41.6	33.7
Kentucky	60.4	23.7	64.0
Louisiana	59.1	12.8	75.0
Maine	56.2	(2)	(2)
Maryland	53.6	(2)	(2)
Massachusetts	38.6	(2)	(2)
Michigan	53.3	36.6	50.5
Minnesota	47.0	41.3	42.4
Mississippi	49.3	23.1	61.0
Missouri	61.1	38.7	44.2
Montana	56.0	35.8	29.4
Nebraska	33.6	70.6	10.0
Nevada	41.8	34.3	52.0
New Hampshire	52.8	82.5	14.0
New Jersey	51.5	(2)	(2)
New Mexico	66.4	13.2	67.4
New York	57.2	28.8	61.3
North Carolina	53.9	(2)	(2)
North Dakota	51.6	37.6	31.5
Ohio	51.6	[illegible]	31.6
Oklahoma	52.6	37.7	47.1
Oregon	56.1	51.5	30.9
Pennsylvania	64.9	2.89	50.6
Rhode Island	56.5	(2)	(2)
South Carolina	56.8	21.8	66.0
South Dakota	52.6	54.1	19.1
Tennessee	43.1	(2)	(2)
Texas	58.1	35.6	49.9
Utah	62.7	40.9	47.7
Vermont	54.1	54.8	28.6
Virginia	62.4	(2)	(2)
Washington	35.8	23.3	60.5
West Virginia	71.7	30.7	59.2
Wisconsin	42.3	(2)	(2)
Wyoming	53.9	49.3	35.7

[1] Based upon the 37 States for which data exists.

[2] Insufficient data exists to estimate these percentages.

Source: Derived from 1967 Census of Governments.

EXTENSION SERVICE

Please provide for the Hearing Record a brief, but specific, explanation of what changes may be made in the present organization, operation, and future prospects of the Cooperative Extension Service particularly with respect to its ability to meet the challenges incorporated in the recent report "A People and a Spirit"?

Secretary HARDIN. The report, "A People and a Spirit" was a joint effort between the U.S. Department of Agriculture and the Land-Grant Institutions. The report analyzed the present activities of the Cooperation Extension Service and developed recommendations for the future. These recommendations were based upon the specific needs as seen by the committee and upon the capabilities of Extension Service to serve these needs. Revenue sharing does not preclude the States from making program and organizational adjustments, revising priorities, and taking other action to further the recommendations of the Joint Committee Report. Revenue sharing does not envision any significant changes in the Federal, State and county Extension organizational arrangements and procedures. To the extent that the individual States determine that the recommendations of "A People and a Spirit" are applicable to the situation, it will have the responsibility to determine how the revenue sharing funds will be used to the best advantage to carry out the recommendations. Insofar as the Extension Service is concerned, the State would have an opportunity to use resources provided by other special revenue sharing programs, thus making the total resources of the university available to the people of the State.

Will termination of the Appalachia program bring about a reduction in total funds available to Cooperative Extension Services in the States of the Appalachian region?

Secretary HARDIN. The formula for allocating Rural Community Development Revenue Sharing funds provides that no State will be allocated fewer dollars than they normally would have obtained through the grant programs. States in the Appalachia Region will not receive less funds than they received from the allocation from the individual Federal programs. Therefore, the amount expended by Cooperative Extension activities could not be less than that available in fiscal year 1971.

What will happen to the funds currently provided in connection with the Appalachia program, to cooperative extension services in the Appalachian states, to Forest Service, to other programs of the Department of Agriculture?

Secretary HARDIN. The funds "currently provided" i.e., appropriated for FY 1971, for the programs to be included in rural revenue sharing would not be affected. Title IV—Transition details how funds appropriated for FY 1972 and later would be handled.

How, under the rural revenue sharing proposal, can the scope and extent of the rural community development activities of the Cooperative Extension Service be expanded?

Secretary HARDIN. The rural community development program of the Cooperative Extension Service can be expanded if the State desires to give greater attention and manpower to this activity. Under existing legislation, the State has authority to make such adjustments. If the State desires to use funds provided by general revenue sharing and other funds to expand rural community development activities of the Extension Service, it will be entirely appropriate.

Each State will order its own priorities and decide how the money will be used to the best advantage.

Under the special rural revenue sharing proposal, it is proposed to eliminate certain programs, such as those of the Economic Development Administration, the REAP program, Great Plains Conservation program, and others and to devote the Federal money for the bulk of the funding for the Rural Revenue Sharing program. You indicated that although the Extension appropriation is included in the proposal that Extension will be "held safe": we have two questions:

(a) how will the special language for Extension work out in practice? For example, how much of the current work of a State Agricultural Extension Service nutrition aids programs with adults and children in cities and urban areas will be continued? Would the total amount of funds for a State Cooperative Extension Service from Federal sources be "held safe"? Could a State ever expect to receive increased Federal funding for agricultural extension? In a large agricultural state such as North Carolina where rapid rural changes

are underway, could the use of rural revenue sharing funds be shifted from one type of Extension program to another?

Secretary HARDIN. Section 202(e) of the legislative proposal provides:

> . . . each State shall use a sufficient portion of the money to which it is entitled to maintain and carry out a program of agricultural extension work through its Land-Grant college, or colleges, comparable in size and type to the agricultural extension program carried out in the State in fiscal year 1971 . . . and the Cooperative Extension Service shall be permitted to continue 4-H, nutritional aide programs, and other agricultural programs in metropolitan areas.

Under this provision, the nutrition aide program would continue at the 1971 level involving adults and children in both urban and rural areas.

The amount of Federal funds "held safe" would be that amount not less than that available to the State for Extension programs in fiscal year 1971.

States could receive increased funding for agricultural Extension work if (1) future appropriations for Rural Community Development Revenue Sharing are increased and the State desires to use any or all of the increase for Extension work; and (2) the State decided to increase Extension work by using general revenue sharing funds, funds from other revenue sharing sources, or other sources.

With respect to shifting from one type of Extension program to another, this would be a decision to be made by the State depending upon its needs. The States already have this authority to adjust programs to meet local needs and the revenue sharing proposal does not change this. The exception is that the nutrition program would be expected to continue at not less than the 1971 scope.

Will the decision to continue, or halt, or to support at some different level, of funding for, for example, the Great Plains conservation program be made by the Governor of the States, by the State legislature, by the State planking and budget commission, or by the State Conservation Commission? If such shifts are made, may Extension Directors shift emphasis and priority among their State programs? Following upon Secretary Connally's reply to Senator Dole's question (of Secretary Connally) on page 65 of the transcript, concerning county commissioners: What role, do you see, under the rural revenue sharing proposal for decisions by the county commissioners and other county officials concerning the use of Federal funds received by the State? Or will some funds go directly to the counties to use as they see fit?

Secretary HARDIN. The decisions affecting the Great Plains Conservation program would be made by the governor of the State, of course, in accordance with the administrative and operating arrangements in effect in the particular State. The proposal calls for a Statewide Development Plan drawn up by the Governor. Formation of the plan would be based on a consultative process which considers plans submitted by State-established, multi-jurisdictional planning districts covering all areas of the State. Planning bodies of these districts would be composed of local elected officials. One member from each of the district planning bodies would sit on a panel which would assist the Governor in the planning process.

If a decision is made to shift the Great Plains Conservation program in some form and involve educational programs of Extension Service, the Extension Director could also shift emphasis and priorities to meet this need.

Currently, in most programs involved in the revenue sharing proposal, county commissioners and other county officials are involved in the use of Federal funds expended for programs in counties. We would assume that the county officials would continue to have an input into the program conducted in the respective county.

Whether some funds would go to counties would be subject to each State's determination. The arrangements would vary from State to State and could vary from county to county but the relationships between county and State could remain essentially as they are now.

What future functions do you forsee for Extension Service (formerly Federal Extension Service) should rural revenue sharing be adopted? How will the organizational structure be altered, if at all?

Secretary HARDIN. With requirements for continuation of the program through the Land-Grant University and continuation of Federal fund allocation and State-Federal plans and agreements, it is believed that the functions now performed by Extension Service—USDA will continue to be needed.

No significant changes in the organizational structure are contemplated.

What will be the disposition of the recreation, wildlife, and natural beauty of the Cooperative Extension Service?

Secretary **Hardin**. Programs relating to recreation, wildlife, and natural beauty could be continued by the States if they so desired.

May some of the funds provided for rural revenue sharing be made available to expend some of the functions of Cooperative Extension while reducing the expenditure on other functions, if the total expenditure in the State is held at least as high as the 1971 figure? How much adjustment or shift between functions would be permitted as new needs are perceived.

Secretary **Hardin**. States could use revenue sharing funds to expand Extension functions at a level higher than 1971 if the States so desired. The exception is that the nutrition aide funds could not be used for the expansion of other Extension programs since the nutrition program could not be reduced from the level carried on in 1971. Other than that, the State could adjust its Extension programs to meet needs perceived by the State.

Please provide for the Hearing Record the short-term and long-term effects that adoption of the rural revenue sharing proposal would have on the programs, policies, and personnel of the Forest Service; of the County and State farmer committees of the Agricultural Stabilization and Conservation Service; of the programs of work of the State Agricultural Experiment Stations.

Secretary **Hardin**. The accounting, auditing, and inspection aspects of the present cost sharing arrangements would be simplified through adoption of the rural revenue sharing proposal which would consolidate categorical grants. The activities of personnel engaged in State and private forestry work would continue since Federal leadership and technical assistance to the States would not be eliminated by the proposal. There would be some change in the specific nature of that work. There, of course, would be no direct tie between this continuing Federal activity and allocation of funds to the States.

After enactment of revenue sharing, no applications for the Rural Environmental Assistance Program would be accepted. States, of course, could at their option continue the program. There are about 3,000 man-years of ASCS County Committee (non-Federal) employment and 200 man-years of employment in the Agricultural Stabilization and Conservation Service involved in carrying out this program. In addition, there are about 700 man-years in the Soil Conservation Service involved in providing technical assistance for the REAP program. The impact on employment for the REAP program is contingent upon the extent to which the States continue the program and request services on a reimbursable basis.

Scientist Man-Years and Funds for Rural Development Research in the USDA, State Agricultural Experiment Stations, Forestry Schools, and Other Cooperating Institutions, by Research Problem Area, Fiscal Year 1970 (Estimated).

Research problem area	RPA title and brief description of research	SMY	Estimated funds (thousands)
RPA 801	Housing needs of rural families: Status of housing conditions in rural areas, housing requirements, expenditures and financing arrangements; effect of housing environment on development of rural youth	62.1	$2,731
RPA 803	Causes and remedies of poverty among rural people: Characteristics of the rural [illegible]nd conditions that perpetuate poverty; attitudes and interest in improv[illegible]r situation; willingness to go to areas with greater economic potential	36.2	1,244
RPA 804	Improvement of economic potential of rural youth and adults: Assisting rural people to develop employable skills; raising level of occupational aspirations	10.1	281
RPA 805	Communication processes in rural life: Effective ways of motivating rural people to adopt improved practices in farm and home management; adapting educational materials to the needs of people	16.3	786
RPA 806	Individual and family adjustment to change: Helping individuals and families meet changes in economic and social conditions; assisting migrant workers in improving their way of life	35.5	1,294
RPA 907	Improved income opportunities in rural communities: Factors associated with occurrence of depressed areas; potentials of development of agricultural and forest resources in rural areas; attracting nonagricultural industries to rural areas; public programs to stimulate economic development	37.2	1,375
RPA 908	Improvement of rural community institutions and services: Efficiency of local government units in meeting needs of a modern rural society; coordination of various agencies to meet community's needs; protection of community's interests in changes in land use; adequate health, sanitation, and other public services	68.7	2,560
	National total, scientist man-years and funds for research and rural development, fiscal year 1970 estimate	266.1	10,271

States may expend rural revenue sharing funds to expand the scope and intensity of such research.

There are numerous opportunities for expansion of research to make increased contributions to the development of rural areas.

Some time has passed now, since the rural revenue sharing proposal was initiated. Can you give us some idea of how many States are likely to continue each of the programs that would otherwise be terminated? How many States do you think would expand the rural communities resources development activities of the State Extension Services? What will be the disposition of Federal employees engaged in this work? What will be their function under the new proposal? How will the nature of their work change, if any?

Secretary HARDIN. No survey has been conducted as to what programs States would continue, adjust, or terminate if rural revenue sharing proposal is enacted. This would not be completely known until a copy of the Statewide Plan as prepared by the Governor is furnished to the Secretary of Agriculture in accordance with Section 203 of the proposed legislation.

We are aware of many States' desire to expand community rural development activities. An increase is requested in the 1972 budget for that purpose.

With respect to status of employees—Since the proposed legislation would require the States to maintain the Extension Service at the fiscal year 1971 level, enactment of the revenue sharing legislation would mean only a change in financing and would not result in a decrease in employment for the Extension Services in the States. Funds for Federal administration of Extension are not included in revenue sharing.

Enactment of revenue sharing is not expected to have a significant effect on either Forest Service or Farmers Home Administration many-year levels.

After enactment of revenue sharing, no applications for the Rural Environmental Assistance Program would be accepted. States, of course, could at their option continue the program. There are about 3,000 man-years of ASCS County Committee (non-federal) employment and 200 man-years of employment in the Agricultural Stabilization and Conservation Service involved in carrying out this program. In addition, there are about 700 man-years in the Soil Conservation Service involved in providing technical assistance for the REAP program. The impact on employment for the REAP program is contingent upon the extent to which the States continue the program and request services on a reimbursable basis.

In addition to the approximately 700 man-years in the Soil Conservation Service related to REAP, there are nearly 600 man-years in the Resource Conservation and Development Program. Under the revenue sharing proposal, services by SCS in carrying out this program would remain available to farmers and ranchers to the extent that States request such services on a reimbursable basis.

Employment under the Great Plains program would show an immediate reduction of about 50 man-years to a level of about 350 man-years. The Soil Conservation Service would continue to carry out existing commitments which would not be completed for up to ten years after enactment of revenue sharing. To the extent that States do not request services for new contracts, a gradual reducion in employment over the ten year period would be necessary.

Every effort will be made to minimize any adverse impacts on employees affected during the transition phase to rural revenue sharing through normal attrition and reassignment.

DISASTER AND DROUGHT RELIEF

Could rural revenue sharing funds be used for disaster loans and grants and other disaster rehabilitation purposes in rural areas? What coordination devices have been worked with the Office of Emergency Management in this regard?

Secretary HARDIN. Section 202(a) through (c) funds could be used for these purposes if they are included in the State Plan or an amendment thereto. Section 202(d) funds could be used for these purposes upon prior direction by the Secretary. The Department of Agriculture does not know of any coordination devices that have been developed with the Office of Emergency Management in this regard.

ANTI-POVERTY PROGRAM PHASED OUT

Will the economic opportunity loans to rural residents be continued under the rural revenue sharing proposal? Could States use revenue sharing funds to augment such loans with grant funds in lieu of regular welfare payments to recipients?

Secretary **Hardin**. Revenue sharing will not affect the Economic Opportunity Loan Program since the program is being phased out and will not be funded for loan making in fiscal 1972 and thereafter.

What will happen under the rural revenue sharing proposal to OEO Community Action Agencies in rural areas? What will be the disposition of the rural Community Action Programs and agencies of OEO, if the revenue sharing proposals are adopted? Do the funds, now used, go into rural or urban revenue sharing?

Deputy Director of Office of Economic Opportunity **Wesley L. Hjornevik**. Essentially the same answer is applicable to both of the above questions.

Under the President's proposals, Community Action Agencies would not be included in the revenue sharing process at the outset. However, the 1972 budget reflects the Administration's intention to incorporate CAAs into urban and rural revenue sharing by January 1, 1973. In the meantime, CAAs would continue to be funded directly under the EOA, which we have asked the Congress to extend for two years.

The delay in shifting CAAs into the revenue sharing process will permit us to observe how revenue sharing works and to better understand the possible effects on Community Action, so that this experience can be considered in developing the subsequent legislation which would be required to incorporate Community Action into revenue sharing.

MINORITY BUSINESS ASSISTANCE AND SMALL FARMERS

The Secretary of Agriculture has requested me to reply directly to you with respect to one of the questions you put to him in connection with the hearings on rural revenue sharing held recently by your Subcommittee on Rural Development.

The question (part of Question 255 in the list submitted to the Secretary) is this: To what extent will the minority enterprise programs of the Small Business Administration be affected by the rural revenue sharing proposal?

The revenue sharing program for rural development proposed by S. 1612 promises to increase the prosperity of rural areas. Since small firms situated in these areas will share in this increased prosperity, they will be in a better position to obtain the full benefits flowing from the assistance offered by the described program.

To what extent will the minority participation and minority enterprises programs of Small Business Administration and Commerce Department be affected by the rural revenue sharing proposal? The small farmer program of the Department of Agriculture?

Secretary **Hardin**. Revenue sharing will have no direct impact on the small farmer program. (This question was referred also to SBA and EDA for comments.)

Administrator of Small Business Administration Thomas S. Kleppe:

General Counsel Blunt (EDA). Inasmuch as a substantial number of projects proposed by the Office of Minority Business Enterprises ("OMBE") within the Department of Commerce are funded by EDA, the total number of OMBE projects able to be funded could be substantially reduced by the extinguishment of EDA through rural revenue sharing. Moreover, technical and management assistance provided to minority enterprise programs through EDA would be abolished. However, both financial and technical assistance could be provided to minority participation and minority enterprise programs by the States themselves with rural revenue sharing funds, by other Federal agencies, or by a separate appropriation from Congress to OMBE.

The remainder of this question has been answered by representatives of SBA and USDA.

MODEL CITIES

As you know, Model Cities applications were approved for operation in several essentially rural counties; please supply the subcommittee with a list *of these counties and give us indication of what will happen in similar situations in rural areas under the rural and urban community development revenue sharing proposals. Will already initiated programs be carried out to completion? Can they be renewed?*

Secretary ROMNEY. The following counties and small cities are participating in the Model Cities program: Allegheny County, Pa.; Alma/Bacon City, Ga.; Athens, Ga.; Benton Harbor-Benton Township, Mich.; Bowling Green, Ky.; Bradford, Pa.; Butte, Mont.; Carbondale, Ill.; Cheyenne, Wy.; Cookeville, Tenn.; Eagle Pass, Texas; Gainesville, Ga.; Helena, Mont.; Juneau, Alaska; Los Angeles, County, Calif.; McAlester, Okla.; Perth Amboy, N.J.; Poughkeepsie, N.Y.; Prince George County, Md.; Rock Hill, S. C.; Santa Fe, N.M.; Spartanburg, S. C.; Smithville/DeKalb County, Tenn.; Trinidad, Colo.; Tuskegee, Ala.; Winooski, Vt.

The Administration has stated that small communities will be "held harmless" for continuing activities which were begun under the predecessor programs to be consolidated into Urban Community Development Revenue Sharing. The above cities and counties would accordingly receive a hold harmless entitlement that would continue until each has completed its "five action years" now contemplated under the Model Cities program. Of course, rural revenue sharing funds available to such cities and counties could also be used for model cities types of activities.

Please provide for the Hearing Record a brief statement of the programs and projects of the type specified in Section 101(c)(2)(Q).

SECRETARY ROMNEY. As stated in Title I of the Demonstration Cities and Metropolitan Development Act of 1966, the purpose of the Act is to provide assistance for programs:

> ". . . to rebuild or revitalize large slum and blighted areas; to expand housing, job, and income opportunities; to reduce dependence on welfare payments; to improve educational facilities and programs; to combat disease and ill health; to reduce the incidence of crime and delinquency; to establish better access between homes and jobs; and generally to improve living conditions for the people who live in such areas, and to accomplish these objectives through the most effective and economical concentration and coordination of Federal, State and local public and private efforts to improve the quality of urban life."

The Act therefore covers a full range of social, economic and physical activities and these activities and these types of activities could be carried out under Urban Community Development Revenue Sharing.

Within the presently operating Model Cities programs, recent studies have indicated the major program areas for which project monies are being spent are as follows: Education, 20 percent; Health, 11 percent; Environmental Protection and Development, 17 percent; Housing, 16 percent; Manpower and Job Development, 6 percent; Social Services, 6 percent; Economic and Business Development, 5 percent; Crime and Delinquency, 4 percent; and Recreation and Culture, 5 percent. Under revenue sharing, State and local governments could elect to continue these types of activities.

REGIONAL ACTION PLANNING COMMISSIONS

Please clarify for the Record of the Hearings the disposition that is to be made of the Regional Action Planning Commission such as Four Corners, Ozarks, Great Lakes, and New England. Will such Commissions go out of existence entirely, unless continued by the Governors of the States involved from funds provided by rural development revenue sharing?

Mr. BLUNT. The Regional Action Planning Commissions are established (and economic development regions are designated) pursuant to Title V of the Public Works and Economic Development Act of 1965. Under the rural development revenue sharing proposal, Title V is deemed repealed effective July 1, 1972. Prior to such date the Secretary of Commerce is required to assume the administration of commission projects as well as all assets, liabilities, and records of the commissions. On January 1, 1972 all balances of appropriations of the commissions are to be transferred into rural revenue sharing funds except amounts available to the commissions for administrative expenses until June 30, 1972. Because of these provisions, particularly the repeal of Title V, the commissions will entirely cease to exist unless continued by the Governors of the States involved. Moreover, even if the existence of such commissions is continued, Federal participation in such commissions through the Federal cochairman and staff will no longer be authorized.

Section 307 of the revenue sharing proposal does however, give Congressional consent to cooperation and agreements between States for realization of the full benefits of revenue sharing.

APPALACHIAN DEVELOPMENT PROGRAM

What will happen to the local development districts established under the Appalachian Development Act?

(Information supplied by Appalachian Regional Commission:)

Financial assistance to local development districts, by way of grants for 75 percent of administrative expenses under Section 302 of the Appalachian Act, will terminate on June 30, 1972. Since there is a question whether, under some State laws, local development districts will be eligible to receive State funds, subsection (e) of Section 407 of the Rural Community Development Revenue Sharing Bill (S. 1612) provides an additional six months beyond the January 1, 1972 general changeover date, in order to give the States sufficient time to enact legislation or take such other action as may be necessary to make local development districts eligible for State funds. The choice to continue funding local development districts with funds made available under rural revenue sharing will be left to the States, in accord with the spirit of the Rural Revenue Sharing proposal that all such decisions are properly to be made by the State.

Which programs provided under the Appalachian Region Development Act are being terminated? Which continued?

PROGRAMS UNDER THE APPALACHIAN ACT BEING TERMINATED

Substantially all of the programs provided under the Appalachian Act would be terminated. Section 407 of S. 1612 would transfer and merge into the Rural Community Development Special Revenue Sharing funds, all balances of appropriations made under the Appalachian Act authorizations in Sections 201(g) (the Appalachian Development Highway Program) and 401 (General Programs). A list of these programs, with some notes about special exceptions to the January 1, 1972 changeover, follows:

(a) Appalachian Development Highway Program (Section 201 Appalachian Region Development Act, 40 U.S.C. Appendix 201).

Note: Since the "Contract authority" provided in Section 201(g) of the Appalachian Act makes funds authorized for a given fiscal year available for use in the preceding fiscal year, the $175-million authorized for FY '72 would not be transferred to special revenue sharing funds, but would remain available to States, since those FY '72 funds have already been apportioned to the States in accordance with the Appalachian Act and Title 23 of the United States Code. S. 1612 provides that FY '73 funds shall not be apportioned to the States; thus, funding of the Appalachian Development Highway System under the Appalachian Act would cease with FY '72 authorizations. The apportioned FY '72 funds remain available to the States through FY '74.

Provision is also made not to transfer funds necessary to reimburse States for prefinanced construction permitted under Section 201(h) of the Appalachian Act on projects approved before December 31, 1971.

(b) Grants for Comprehensive Demonstration Health Projects (Section 202 of the Act, 40 U.S.C. Appendix 202).

Note: Operating grants under Section 202 will be permitted to support operations through June 30, 1972 to allow additional time for State action as may be necessary to make recipients eligible for State funds (See answer to question No. 41 concerning local development districts).

(c) Grants for land stabilization, conservation and erosion control (Section 203 of the Appalachian Act, 40 U.S.C. Appendix 203).

(d) Technical assistance and loans for the timber development organizations (Section 204 of the Appalachian Act, 40 U.S.C. Appendix 204).

(e) Grants for sealing and filling abandoned coal mines, oil and gas wells; Controlling Mine Fires, and Reclaiming Strip Mine areas (Section 205 of the Appalachian Act, 40 U.S.C. Appendix 205).

(f) Grants for constructing and equipping vocational educational facilities (Section 211 of the Appalachian Act, 40 U.S.C. Appendix 211).

(g) Grants for the construction of sewage treatment facilities (Section 212 of the Appalachian Act, 40 U.S.C. Appendix 212).

(h) Grants to supplement grants under other Federal grant-in-aid programs for construction, equipment or facilities or acquisitions of land (Section 214 of the Appalachian Act, 40 U.S.C. Appendix 214).

(i) Grants for administrative expenses of local development districts and for research, technical assistance, training programs and demonstration projects (Section 302 of the Appalachian Act, 40 U.S.C. Appendix 302).

General notes applicable to all above listed programs:

(1) Amounts required for grants approved by the Commission before December 31, 1971 would not be transferred to special revenue sharing.

(2) Provision is made for the contingency of possible construction cost overruns on projects approved prior to December 31, 1971 and for funds necessary for administration and monitoring of programs and projects approved by the Commission before that date.

Program Continued.—Grants and loans for expenses of planning and obtaining mortgages for low- and moderate-income housing projects (Section 207 of the Appalachian Act, 40 U.S.C. Appendix 207).

Note: Funds previously deposited in the Appalachian housing fund established under Section 207(d) of the Appalachian Act shaall not be transferred to the Rural Community Development Revenue Sharing Fund. The Secretary of Housing and Urban Development will continue to be authorized to make loans and grants from such funds under Section 207 of the Act.

Why are the several regional development commissions being abolished and the Appalachian Regional Commission continued?

The Appalachian Program has a large number of programs and projects underway. Continuation of the Commission will permit monitoring of these projects. Since the other regional commissions do not have the number of individual programs and projects underway, the monitoring will be undertaken by the Department of Commerce. All these commissions can be continued by the States, if they so desire, under revenue sharing.

Which funds will now finance the Appalachian vocational education program?

Funds available under the Rural Community Development Revenue Sharing Act could be used to continue funding of vocational education projects previously funded under Section 211 of the Appalachian Act.

Section 101(e)(2)(K) includes, among "Rural Community Development Programs and Activities" for which special revenue sharing funds may be used, the establishment and improvement of educational facilities.

Funds for educational facilities would also continue to be available under Federal programs for education, including the new education special revenue sharing program.

Please provide for the Hearing Record a list of the different types of community facilities and public works and of loan programs that were initiated under the Appalachian Regional Development Act, together with a brief summary of the cost and benefit analysis of each.

The Commission has approved over 1100 projects and programs of various types throughout the region in its six years. The Commission has been engaged in evaluating its programs for some time and such evaluation still requires many months to complete. A general description and general overall evaluation of the Appalachian Program was recently presented to the Committees on Public Works in both the House and Senate in hearings on the 1971 amendments to the Appalachian Act. We are attaching to this answer:

(1) the statement of Donald W. Whitehead, Federal Cochairman for testimony before the Committee on Public Works, United States House of Representatives, March 15, 1971. This statement appears in substantially verbatim form on pages 20 through 24 of Hearings before the Subcommittee on Flood Control and Internal Development of the Committee on Public Works, House of Representatives, 92nd Congress, First Session, on H.R. 5376;

(2) a longer and more detailed summary and evaluation entitled "Appendix to Testimony of [illegible] B. Waters, Jr., Federal Cochairman, Appalachian Regional Commission, before the Committee on Public Works, U.S. Senate, February 8, 1971, which was submitted at the hearings before the Senate Committee; and

(3) a Summary of Obligations and Accomplishments, which briefly summarizes the funds approved for projects under the Appalachian Act as of December 31, 1970.

If the Committee wishes, the Commission could provide a project-by-project list of projects funded under the Appalachian Regional Development Act since the inception of the program, showing the amount of assistance provided and giving a brief description of the nature of each such project.

(The summary is as follows:)

APPALACHIAN REGIONAL COMMISSION, SUMMARY OF OBLIGATIONS AND ACCOMPLISHMENTS, STATUS AS OF DECEMBER 31, 1970

[Dollars in millions]

	Devel. highway	Access road	Total[1]
201—Highway program:			
Funds, obligated	$614.0	$43.2	$659.1
Miles contracted for or completed	856	368	1,224
Right-of-way acquisition	366	(2)	
Design begun	621	(2)	
Location studies begun	664	(2)	
Total	2,507		
Miles completed	488	186	674

[1] Figures may not total because of rounding.

[2] Not available.

202—Health demonstration:	
Funds obligated	$85.0
Projects approved:	
Planning grants (12)	3.0
Operating projects (135)	28.0
Construction projects (83)	54.0
203—Land stabilization (no appropriations for 1971):	
Funds transferred to ASCS	19.1
Contracts with farmers and landowners (14,585)	
204—Timber development organization: 4 States being assisted—Kentucky, New York, North Carolina, Tennessee	.3
205—Mine area restoration funds committed	26.0

Projects approved	Projects completed	Projects under contract	Projects approved	Total
Mine fires	16	12	7	35
Subsidence	6	1	1	8
Surface restoration	6	3	5	14
Total	28	16	13	57

	Total
206—Water resources study	$5.0
207—Appalachian housing fund:	
Loans approved (Applications would eventually provide 7,221 housing units when obtain mortgage insurance) (60)	2,129,000
Technical assistance grants 6 State agencies	393,000
211—Vocational education:	
Funds obligated	67.2
Facilities aided (260)	
Annual enrollment capacity of facilities:	
Secondary education (105,000)	
Post-secondary education (55,000)	
Additional financial assistance provided under supplementary grants, section 214	43.8
212—Sewage treatment (No appropriation made since fiscal year 1968):	
Funds obligated	7.2
Projects assisted (64)	
214—Supplemental grants: Total funds obligated Dec. 31, 1970	175.9

214—SUPPLEMENTAL GRANTS: BREAKDOWN OF FUNDS BY CATEGORY AS OF JUNE 30, 1970

Category	Number of projects	ARC contributions	Percent
Vocational education (includes vocational-technical)	236	$43, 131	25
Higher education	157	34, 909	20
Libraries	83	6, 492	4
National Defense Education Act	17	4, 881	3
Educational television	13	2, 259	1
Subtotal education	(406)	(91, 672)	(53)
Health facilities	231	46, 806	27
Sewage treatment facilities	121	18, 380	11
Water and sewer systems	52	6, 931	4
Airports	48	4, 838	3
Other	37	2, 748	2
Total approvals	995	171, 374	100

SUMMARY OF TOTAL PROJECT COSTS

	Amount (millions)	Percent
Total eligible	951. 4	100. 0
Federal contribution:		
Other Federal agencies	331. 9	34. 9
Appl. section 214	170. 2	17. 9
Total Federal	502. 1	52. 8
State and/or local share	449. 3	47. 2

	Total
302—Research, demonstration, and local development districts: Funds obligated: Includes partial support for administrative costs of 51 local development districts. Funds are also utilized for research, technical assistance, and limited demonstrations	$18. 2

How many of these types of rural community development will be terminated under the rural revenue sharing proposal?

Substantially all of the programs under the Appalachian Act will be terminated and the funds folded into the special revenue sharing funds (See answer to question No. 116).

The authority provided in S. 1612 would permit a State to use rural community development special revenue sharing funds for such purposes. The decision to use funds for such programs or to continue on-going programs will, under special revenue sharing, be the sole decision of the States.

CONSERVATION PROGRAMS

Please provide for the Record any comment you may have concerning the opposition that some have expressed to the inclusion of Department of Agriculture programs such as the Great Plains Conservation Program in the revenue sharing proposal.

Secretary HARDIN. The inclusion of certain programs in rural revenue sharing does not automatically mean the termination of those programs. What it does mean is that decisions as to whether these programs should be continued, and at what level they will be continued, will be returned to citizens at the State and local level. State and local officials, and citizens in the communities involved, are often better able to match resources to problems than are government employees in Washington. It is possible that these people may wish to invest greater resources in the existing programs than is presently the case.

Why were not Federal grants-in-aid to the States for water resources research, payments to the State agricultural experiment stations, for land purchases for outdoor recreation facilities, and for water and related land resources planning included in the rural revenue sharing proposal?

Secretary **Connally**. It was felt that the 11 programs included were better suited and more closely met the objectives for rural revenue sharing than the programs mentioned. Research was not included because of the recognition of an increased Federal responsibility to support research which would provide innovative ways to handle problems and benefit the nation as a whole. Funds for land purchases and planning were not included as the present Administration proposals on modifying the Land and Water Conservation Fund and the Land Use Planning bill were more suitable approaches to these areas. Great Plains Conservation Program.

Please provide for the Hearing Record the number of farmers and ranchers, by States, that have participated in the Great Plains Conservation program. What kinds of practices have farmers undertaken in this program? Please provide a brief description of each together with a summary of the costs and benefits of the program and of the individual practices. In your observation, experience, and examination of professional analyses, do you think the Great Plains Conservation Program has performed a useful purpose for the nation—worth more than it cost?

Secretary **Hardin**. The cumulative number of farmers and ranchers who have participated in the Great Plains Conservation program as of 6/30/70 is 37,703. The breakdown of this total by state is: Colorado, 2,820; Kansas, 4,013; Montana, 1,619; Nebraska, 5,041; New Mexico, 1,609; North Dakota, 4,161; Oklahoma, 4,532; South Dakota, 1,888; Texas, 11,540; Wyoming, 480.

Farmers and ranchers carry out a complete conservation plan under their GPCP contracts. Certain key conservation practices are cost-shared by the GPCP. Many other conservation practices are contract items but are not cost-shared. The practices eligible for GPCP cost-sharing are defined as follows:

PRACTICE AND DESCRIPTION

GP-1—Establishment of permanent vegetative cover (acres)—Establishing needed permanent vegetative cover on land presently in cultivation or land that has been out of cultivation less than five years prior to the date of the contract.

GP-2—Initial establishment of field or wind stripcropping (acres)—Growing crops in a systematic arrangement of strips or bands across the general slope or at angles to offset adverse effects of prevailing winds. Strips of grass or close-growing crops are alternated with strips of clean-tilled crops or fallow, or strips of grass are alternated with strips of close-growing crops.

GP-3—Initial establishment of contour stripcropping (acres)—Growing crops in a systematic arrengement of strips or bands on the contour. Strips of grass or close-growing crops are alternated with strips of clean-tilled crops or fallow, or strips of grass are alternated with strips of close-growing crops.

GP-4—Initial establishment of contour farming operations on non-terraced land (acres)—(This practice not applicable to contracts entered into after 12/31/70.)

GP-5—Reestablishing grasslands (acres)—Improving vegetative cover by artificial seeding, sprigging or sodding on land that has been out of cultivated crop use longer than five years prior to the date of the contract.

GP-6—Establishment of trees or shrubs (acres)—Establishing a stand of suitable trees or shrubs. No federal cost-sharing will be allowed for planting orchard trees, or for plantings for ornamental purposes, including nursery stock.

GP-7—Establishing of permanent waterways (acres)—Constructing waterways and establishing needed protective cover for safe disposal of excess water.

GP-8—Terraces (linear feet)—Constructing an earth embankment or ridges and channels across the slope at suitable spacings. Necessary protective outlet or waterway must be provided. Construction cost may include necessary leveling and filling.

GP-9—Diversions (linear feet)—Constructing a channel with a supporting ridge on the lower side and located across the slope. Necessary protective outlet or waterway must be provided. Construction cost may include necessary leveling and filling.

GP-10—Grassland mechanical treatment (acres)—Renovating grassland by pitting, furrowing, chiseling, ripping, scarifying, listing or other mechanical means. Mechanical operations must be performed as nearly as practicable on the contour.

GP-11—Erosion control, detention, or sediment retention dams (number)—Installing floodwater retarding structures, debris basins, and similar structures to prevent or heal gullying or to retard and control the release of water.

GP-12—Grade stabilization structures (number)—Installing channel lining, chutes, drop spillways, pipe drops, inlets or similar structures to protect and stabilize grades, outlets and channels that dispose of excess water.

GP-13—Streambank or shore protection and stabilization; channel clearance, enlargement or realignment; or construction, enlargement or realignment of floodways, levees or dikes (linear feet)—Installing structures or establishing vegetation to prevent erosion or flood damage. This practice shall not be approved in cases where there is any likelihood that it will create an erosion or flood hazard to other adjacent land, or where its primary purpose is to bring new land into agricultural production.

GP-14—Diversion dams and spreader ditches or dikes to divert and spread water (acres)—Installing structures to permit beneficial use of runoff, to replenish groundwater supply or to prevent erosion.

GP-15—Reorganizing irrigation systems (number)—This practice must be carried out in accordance with a reorganization plan to conserve water and prevent erosion, approved by the responsible technician. Federal cost-sharing will not be allowed for cleaning ditches or for structures primarily for the convenience of the producer, or for portable pipe. No federal cost-sharing will be allowed for reorganizing an irrigation system if the primary purpose of the reorganization is to bring additional land under irrigation.

GP-16—Irrigation land leveling (acres)—Reshaping the surface of land to planned grades for efficient use of irrigation water and to prevent erosion based on adequate soils information. Federal cost-sharing will not be allowed for floating or restoration of grade. No federal cost-sharing will be allowed for leveling land if the primary purpose of the leveling is to bring into agricultural production land which was not devoted to the production of cultivated crops or crops normally seeded for hay or pasture.

GP-17—Constructing, enlarging or sealing dams, pits or ponds for irrigation water (number)—Installing, enlarging or sealing a reservoir to regulate or store an irrigation water supply necessary for the conservation of soil and water resources. Federal cost-sharing in excess of $2,500 will not be made for any structure under this conservation practice. No federal cost-sharing will be allowed for constructing or sealing dams, pits or ponds, the primary purpose of which is to bring into agricultural production land which was not devoted to the production of cultivated crops or crops normally seeded for hay or pasture.

GP-18—Lining irrigation ditches, canals or laterals (linear feet)—Installing a permanent lining of impervious material in field ditches, canals or laterals that are properly located and constructed as a part of an existing irrigation system to prevent erosion and loss of water by seepage.

GP-19—Well (number)—Constructing or deepening wells. Pumping equipment must be installed, except for artesian wells. Needed water storage facilities must be provided. No federal cost-sharing will be allowed for wells constructed primarily for the use of headquarters or for pumping facilities.

GP-20—Developing springs and seeps (number)—Improving springs and seeps by excavating, enlarging, cleaning, intercepting, capping, and providing collection facilities. Needed water storage facilities must be provided. No federal cost-sharing will be allowed for developing springs and seeps primarily for the use of headquarters.

GP-21—Constructing, enlarging or sealing dams, pits or ponds (number)—Installing or sealing a dam, pit or pond, for impoundment of water for purposes other than irrigation.

GP-22—Pipelines (linear feet)—Installing pipelines for conveyance of water for purposes other than irrigation. Needed water storage facilities must be provided. No federal cost-sharing will be allowed for installing pipelines primarily for the use of headquarters.

GP-23—Controlling competitive shrubs (acres)—Controlling undesirable competitive shrubs to permit growth of desirable vegetative cover on noncropland. This practice shall not be approved on areas where it is determined that the control of competitive shrubs will reduce the vegetative cover to such an extent as to induce erosion, unless followed by reseeding or other approved erosion control measures.

GP-24—Fences (linear feet)—Installing needed permanent fences. No federal cost-sharing will be allowed for outside boundary fences of an operating unit or to fence out a road.

GP-25—Critical area treatment (acres)—Establishing permanent vegetative cover such as adapted grasses or legumes, trees, shrubs or vines by seeding, sodding, sprigging, planting seedlings, cuttings or by other means, on sediment producing and eroding areas. Includes needed grading and shaping.

GP-26—Irrigation tailwater recovery system (number)—Installing facilities for collecting and storing irrigation tailwater for reuse in the irrigation distribution system and to reduce transporting of agricultural-related pollutants. Includes pick-up ditches and sumps, pits or ponds. No federal cost-sharing will be allowed for pumping equipment, chemical treatment equipment, or for pipelines under this practice.

GP-27—Disposal lagoons (number)—Constructing an excavated pit, dam, embankment, dike, levee or combination of these for disposal of animal wastes. No federal cost-sharing will be allowed for pumping equipment or for chemical treatment facilities.

GP-28—Recreation land grading and shaping (acres)—Altering the surface of the land to meet the requirements of recreation facilities. Needed protective cover must be established.

GP-29—Water storage facilities (number)—Constructing water storage facilities for purposes other than irrigation. Facilities must be needed, permanent and adequate for intended use. No federal cost-sharing will be allowed for constructing water storage facilities primarily for the use of headquarters.

GP-30—Catchment basins (number)—Installing water collection facilities in areas where it is impractical to provide adequate water by other means, such as pipelines, wells, ponds or springs. Needed water storage facilities must be provided and permanent fences must be installed to protect catchment basin.

GP-31—Shallow water areas (number)—Developing shallow water areas suitable for migratory waterfowl habitat, wintering fur bearers, and furnishing wildlife water facilities.

SUMMARY OF COSTS AND BENEFITS

The ten Great Plains States contain a third of the Nation's land area and about two-fifths of the cropland. Erratic climate with extended droughts and high winds cause serious erosion hazards and crop failures.

Two World Wars aggravated the situation. Great Plains farmers and ranchers responded to war-time demands for food and fiber with unprecedented production. Much of this increased production came from land that should have remained in grass. Some came from grass lands seriously overgrazed to meet our goals for increased food production.

The National need in the Great Plains region is primarily to provide adequate protection to the land from serious wind erosion, to promote water and moisture conservation, and to help stabilize the economy of the area.

Needed conservation measures on entire operating units are included in Great Plains Conservation Program contracts, some of which are not cost-shared but essential to a complete conservation program. Noncost-share practices are financed totally by the producer unless they are eligible for financial assistance through other programs.

Program participants are converting much of the land unsuited for cultivation to permanent vegetative cover, and are reseeding denuded rangelands. Cost-share contracts as of June 30, 1970, include 10,466,248 acres which were being used as cropland at the time the contracts were signed.

The plans of operation developed as a part of the contracts provided for the conversion of 2,107,945 of these acres (about 20 percent) to permanent vegetation. This land use conversion not only protects the Nation's land resources but also help to reduce crops in surplus of our needs.

The program covering more than 67 ½ million acres under contract has contributed significantly to environment enhancement. Accomplishments such as three million acres of grass seeded or reseeded and almost 60,000 miles of terraces are directly benefiting river drainage basins as well as the land where applied.

Dust filled skies are less frequent and eastern United States located in the path of the regions prevailing westerly winds no longer suffer dust storms.

Enhancement of fish, wildlife, and recreation resources not only result in better land use but also provide the amenities of life.

A total of $173,604,489 in federal funds was obligated in the Great Plains Conservation Program from its inception through June 30, 1970. Of this amount $132,649,248 was obligated for payment to farmers and ranchers as cost-shares and $40,955,241 was used to provide services of technicians in developing plans and assisting in installation of conservation practices. Individual farmers and ranchers have contributed to cost-share practices in amounts varying from 20 to 50% of the cost of these conservation measures in addition to bearing the total cost of practices required in the contract and not cost-shared. It is estimated that program paricipants will have spent much more than an equivalent amount in completing their contracts.

Monies expended for soil and water conservation protect the soil and water resources from serious wind erosion, provide for the disposal of animal and other agricultural waste pollutants, the development of recreation and fish and wildlife resources, and conservation work on nonfarm land adversely affecting a farming area, as well as improve the economy of many small communities in rural areas.

Federal cost sharing for these purposes, plus high priority technical assistance, has made it possible for the Great Plains Conservation Program to make a major contribution to rural development.

What provisions have been made for orderly liquidation of the Great Plains Conservation Program?

Secretary HARDIN. The ten Great Plains States will have the opportunity to continue the Great Plains Conservation Program through revenue sharing. The Soil Conservation Service would continue to administer and carry out existing contract commitments for up to ten years after enactment of revenue sharing; some 19,000 Great Plains Conservation Program contracts are in effect, many not expiring until 1981. Technical assistance would be needed to service these contracts through this transition period

To the extent that states do not request services of the Soil Conservation Service for new contracts, a gradual reduction in employment over the ten year period would be necessary.

REAP (FORMERLY AGRICULTURAL CONSERVATION PROGRAM)

Under present law, funds expended for Great Plains Conservation Program and the REAP program are paid directly to individual farmers for undertaking conservation measures presumed to be of national benefit; how much, if any, of these funds do you expect will be diverted from current uses to such uses as payments to rural school districts to improve the quality of education? to rural industrialization efforts and incentives? to increasing welfare payments per recipient in rural areas as a way of discouraging outmigration to areas where welfare payments are higher? or to other nonconservation purposes?

Secretary HARDIN. The high degree of local decision-making possible under revenue-sharing will permit citizens to determine priorities and place funds where the needs are. Obviously, some may choose to expand programs that have successfully helped to solve problems in the past.

How many States do you expect will take over and continue the REAP program from rural revenue sharing funds?

Secretary HARDIN. No meaningful projection of this number can be made However, when States and localities set out to solve pressing problems in their own way under revenue-sharing, it is probable that problems of the environment such as pollution abatement and soil and water conservation dealt with under REAP, would rank high in priority.

Please provide for the Hearing Record a brief summary of the types of activities undertaken by farmers who have been participating in the REAP program.

Secretary HARDIN. Farmers participating in the 1971 REAP will be carrying out conservation and pollution abatement practices on individual farms and ranches, through special REAP projects and pooling agreements, and as a part of the various other established conservation projects such as small watershed and resource conservation and development projects.

In 1971 farmers will continue to receive assistance to establish long-term soil, water, woodland, and wildlife practices such as establishing protective vegetative cover, tree planting, timber stand improvement, multipurpose water storage reservoirs, terraces, and permanent sod waterways.

Principal antipollution practices under the 1971 REAP include animal waste management, abatement of sediment deposition resulting from erosion, buffer or filter strips of grasses and legumes to screen out and use up nutrients or pesticides which may pollute waters, and protection measures to prevent wind erosion and air pollution.

In many cases farmers will be coordinating their conservation and pollution abatement practice activity under special REAP projects to solve community and area wide problems, and provide maximum public benefits. Examples of special REAP projects include construction of animal waste storage facilities to control stream pollution (West Virginia, Wisconsin, Illinois, and other States.)

Over the past ten years, several rural renewal area programs were inaugurated under legislation enacted in VTFV amending the Bankhead-Jones Farm Tenant Act, Title III; what has been the record of these undertakings? Are they still in operation? What disposition will be made of them under the rural revenue sharing proposal? Will existing programs be continued? Could a State such as Arkansas, which enacted a rural renewal statute to supplement the Federal program, continue to operate in the pilot counties? With Federal assistance?

Secretary HARDIN. The rural renewal program was administered in a multicounty area in each of five states and included a total of twelve counties. Appropriations for rural renewal loans were made in fiscal years 1964 through 1969. A total of 51 rural renewal loans in the amount of $6,076,800 were authorized.

The rural renewal program was merged into the resource conservation and development program on July 1, 1969, and will be handled the same way as RC&D projects whose grant funds are united in rural revenue sharing.

Rural renewal loans will continue to be serviced under the resource conservation and development program.

States may continue their programs. Rural revenue sharing funds could be used for this purpose.

RESOURCE CONSERVATION AND DEVELOPMENT PROJECTS

Please provide for the Hearing Record your evaluation of the beneficial and detrimental effects, if any, of resources conservation and development projects on attainment of the same kinds of purposes listed in Section 2 and paragraph 101(c)(1) of the proposed rural revenue sharing legislation.

Secretary HARDIN. The Resource Conservation and Development program is a Department activity in multicounty areas which are organized and sponsored by units of state and local government. There are now 78 areas authorized for project assistance.

Program activities reflect concern about land, water, air, plants, and animals—major components of the environment—how they may be used or abused by man; about their conservation and protection in relation to the economic, social and esthetic well-being of man.

Technical assistance by Department agencies with Soil Conservation Service leadership have directly assisted rural residents in bettering their communities, stabilizing the family farm, and in improving the quality of the environment. Financial assistance for reducing flood hazards and floodwater damage, erosion and sediment pollution of the landscape, and for water based fish and wildlife developments has been instrumental in bettering communities and local units of government.

Loan assistance through this program has assisted communities in water facility development, shifts in land uses, and for recreation development.

Project measures completed to date are an indication of the broad range of assistance requested by rural community leaders. They include: Accelerated Technical Services; Agricultural Water Management Developments; Recreational Developments; Wildlife Developments; Watershed Developments (P.L. 566); Water Developments; Land Stabilization & Critical Areas; Special Resource Studies & Inventories; Highways, Roads, Trails, Scenic Highways; Range Improvement Groups; Agriculture & Wood-Using Industries; Other Industries Established; Public Service Facilities; Industrial Parks & Other Developments; Rural Water Lines; Rural Sewer Lines; Beautification (Special Measures); Educational Measures; Other.

Program direction has stressed resource planning and developments that provide project area residents a voice in deciding the kind of environment they want, increases economic activity in rural America, and helps to implement conservation uses and treatment of our environment.

The revenue sharing program provides the states with the opportunity to continue this important rural development activity if they so desire.

Will already initiated Resource Conservation and Development project measures be completed? Will dams and impoundments, land treatments, and projected canoe trails that have already been started be brought to completion? How many Resource Conservation and Development project measures are now in the state of having been initiated but not yet completed?

Secretary HARDIN. Federal commitments based on resource conservation and development project measure agreements in effect prior to January 1, 1972, would be serviced by Soil Conservation Service technicians with resource conservation and development funds appropriated for this purpose.

Technical and financial assistance for the remaining resource conservation and development project measures would no longer be available from appropriations to the Department. These funds would be allocated to the states to be used by state and local government agencies for rural development purposes. The state or other agencies receiving revenue sharing funds could then counsel with local resource conservation and development sponsors on the desirability of using rural development funds for planned project measures for which resource conservation and development funds have not been committed. Recognition of the importance of environmental quality would be one of the aspects of the revenue sharing program.

Where interstate projects exist there will be a need to establish working relationships to solve interstate situations.

We estimate there are about 4,000 project measures where sponsors have planning underway or are in the installation stage.

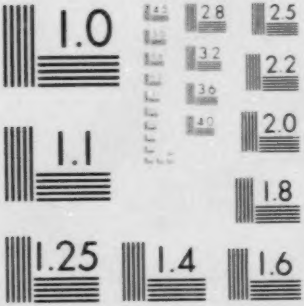
Under the rural revenue sharing proposal, will the local sponsors lose the services of the Soil Conservation Service technician that has been available to assist the efforts of the sponsoring organizations and governments in planning and carrying out of rural resource conservation and development projects that have been initiated but have not yet been approved for operation?

Secretary HARDIN. If, under the revenue sharing program, the states desire to continue resource conservation and development projects and request technical assistance on a reimbursable basis from the Department, the Soil Conservation Service could continue to provide technical assistance as needed and appropriate.

We understand that rural development activities of the Department of Agriculture are carried out through the existing programs of various departmental agencies. We understand that Resource Conservation and Development projects are aimed at economic and environmental improvement in rural areas. What are some of the significant contributions and potentials of these projects? How many new jobs have been created in rural areas? Has initiation of the new projects resulted in increased income in the project areas? How much?

Secretary HARDIN. Secretary's Memorandum No. 1665 on the Resource Conservation and Development program states an objective: "The orderly development, improvement, conservation, and utilization of natural resources of the project area and thereby to provide employment and other economic opportunities to the people of the area."

Resource conservation and development program contributions to this objective include a total of 7,000 active project measures in 55 operating projects as of June 30, 1970. Project measures include:


1.0
2.8
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2.2
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4.0
2.0
1.1
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1.6

MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS-1963-A

Active project measures:	Unit (number)
Accelerated technical services	741
Recreational developments	1,283
Water developments	519
Land stabilization and critical areas	443
Special resource studies and inventories	495
Agriculture and wood-using industries	245
Other industries established	200
Public service facilities	775
Rural water lines	297
Rural sewer lines	110

Data on the effects of this program on increased income and job creation is limited to an evaluation of the first 20 projects that have been in operation for a period long enough to have measurable impacts.

Income and employment effects were evaluated in terms of the labor force, income per household, and retail sales. Two of the 20 projects had attributable increases in labor force, income, and retail sales. Attributable increases in labor force, per household income, and retail sales occurred in 14, 10, and 8 projects, respectively.

An estimated 16,207 (92%) of the 17,600 increase in labor force and $128.5 million of the $491 million, or 26 percent of the increased retail sales in the project areas from 1965 to 1968 are attributable to RC&D activities.

The rural revenue sharing proposal appears to abolish the Resource Conservation and Development projects program of Soil Conservation Service! will Resource Conservation and Development project sponsors still be able to utilize the service of an SCS technician to assist them in their planning and implementation efforts to carry to completion measures they have underway, if the new proposal is adopted? How many such projects are now underway? And how will the liquidation of the program affect the operations of projects that have already been approved for operations and work is underway in accordance with plans submitted to and approved by the Governors but not yet by the Department of Agriculture?

Secretary HARDIN. Seventy-eight Resource Conservation and Development Project areas are expected to be active in fiscal year 1972. After enactment of rural community revenue sharing, sponsors of these projects may continue the services of SCS technicians through reimbursable agreements. Federal assistance will be available only to complete project measure agreements in effect prior to January 1, 1972. Rural community revenue sharing funds would be available for continuation of project activities subject to state priorities.

The number of *RC&D project measures* underway on June 30, 1970 was 7,132.

Technical assistance necessary to service project measure agreements signed prior to January 1, 1972 would be provided by the Soil Conservation Service through federal appropriated funds.

Any proposed project measure in projects approved for operations or in projects being planned on January 1, 1972 would be dependent upon state funds. States may plan to use revenue sharing funds to carry out these project measures and to continue the RC&D project action.

To the extent that states wished to continue an RC&D-type program, they may make reimbursable arrangements with the Soil Conservation Service for needed technical assistance. It is assumed that states would continue those activities that contribute to rural community development objectives of the state plan and would fund them with revenue sharing funds.

Please provide for the Record of the Hearing, a list of rural industrialization projects proposed in approved plans by the sponsors of resource conservation and development projects but for which they have been unable to obtain necessary equity capital and mortgaged-backed capital funds. Indicate, for each, whether a competent feasibility study has been completed. What is your estimate of the total equity capital and mortgage credit that would be required for sufficient rural industrialization to reach the President's goals for rural America? To reverse the migration trend of population from rural areas? Are such estimates available for each of the several States?

Secretary HARDIN. As of June 30, 1970, there were 55 Resource Conservation and Development projects in operation involving more than 7,000 project measures. Over 550 of these involve rural industrialization for which the primary responsibility for initiation and carrying to completion lies outside the U.S. Department of Agriculture.

The 558 project measures which involve rural industrialization include about 245 Agricultural and Wood-Using Industries, 110 Industrial Parks or similar developments and 200 of other industry-related activities. The attached listing shows each of the three categories broken down by states by projects. Additional information on each project measure has not been summarized. These project measures are in all stages of development from the early stages of planning to completion.

Resource conservation and development sponsors have included in their resource conservation and development project plans an estimate of funds needed to carry out many of their rural industrialization project measures. A significantly large number, however, have not been studied sufficiently to arrive at a realistic estimate of capital outlay required.

On the matter of feasibility studies for project measures for which financial assistance is sought from agencies outside of USDA, the local sponsors and agencies concerned make the determination of feasibility. Since leadership for feasibility studies and completing rural industrialization enterprises lies outside of Departmental and other governmental responsibilities additional information is not available.

The Department, in a supporting role, has provided numerous kinds of assistance: (1) loan assistance ;(2) on-site services; (3) publicity; and (4) improvement of public facilities. On-site assistance, for example, from the Soil Conservation Service included interpretation of soil and topographic conditions for use in plant location, site preparation, reservoir impoundments, and for layout of recreation facilities, campgrounds, roads and other appurtenant facilities.

State	Agricultural and wood-using industries	Industrial parks and other developments	Other industrial establishments
Alabama:			
Coosa Valley	0	1	0
Wiregrass	18	3	14
Arkansas:			
Ozark Foothills	1	4	1
Arkansas River Valley	0	3	1
California: North Cal-Neva	10	0	2
Colorado: Sangre De Cristo	1	2	3
Connecticut: Eastern Connecticut	0	0	0
Florida: West Florida	0	2	0
Georgia:			
Gwinnett County	4	20	60
Tri-County	6	4	3
Idaho: North Idaho	27	3	13
Illinois: Shawnee	5	0	1
Indiana: Lincoln Hills	9	2	2
Iowa: Chariton Valley	0	0	0
Kansas: Sunflower	2	0	2
Kentucky: Tradewater River Area	2	4	1
Louisiana: Trailblazer 4	9	3	4
Maine: St. John Aroostook	4	1	0
Michigan: Northwest Michigan	5	2	3
Minnesota:			
Onanegozie	1	0	0
WesMin	7	1	3
Mississippi:			
Northeast Mississippi	3	5	0
Southeast Mississippi	0	0	2
Missouri:			
Southwest Missouri	14	5	19
Top of the Ozarks River	1	6	3
Montana: Bitter Root Valley	13	2	17
Nevada: Central Nevada	1	1	2
New Hampshire: North Country	0	1	0
New Mexico:			
Northern Rio Grande	34	0	13
Southwest New Mexico	3	2	9
New York:			
Seneca Trail	7	4	0
South Central New York	3	1	0

State	Agricultural and wood-using industries	Industrial parks and other developments	Other industrial establishments
North Carolina: North Central Piedmont	0	7	3
Ohio: Buckeye Hills	3	1	0
Oklahoma: Cherokee Hills	5	3	1
Oregon: Upper Willamette	9	0	0
Pennsylvania:			
Endless Mountain	0	0	1
Penn Soil	0	10	0
South Carolina:			
Crossroads of History	1	2	1
Lowcountry	5	2	2
South Dakota:			
Black Hills	3	0	1
Randall	2	0	0
Tennessee: Hull-York Lakeland	11	4	0
Texas:			
Southeast Texas	1	0	0
Eastern Hill Country	0	0	1
Utah: Box-Elder-Oneida-Cache	3	0	7
Vermont: East Central Vermont	4	1	0
West Virginia:			
Mountain Dominion	6	0	0
Potomac Headwaters	0	0	0
Little Kanawha	1	0	2
Wisconsin:			
Lumberjack	0	0	0
Pri-Ru-Ta	1	1	0
Wyoming: Western Wyoming	0	0	3

Please provide for the Record any cost estimate your Department has made of the total Federal, State and private expenditure required to attain the President's population migration objectives by means of promoting a sufficient volume of activities of the types indicated in paragraphs 001(c)(2(A), (B), (D), (G), (K), (L), (M), (O), (P), and (R) of the legislation you submitted to implement the rural revenue sharing proposal. What proportion of these costs do you expect to provide by the rural revenue sharing payments to States? Since all of these activities are eligible for use of rural revenue sharing funds, what proportion of such funds do you expect the States will use for each of them, as compared to the proportion of such funds that will be used to continue on a State basis the types of programs that have been superseded by the rural revenue sharing proposal?

Secretary HARDIN. The principal goal of the President's revenue sharing proposals is to return to the people at the local level the opportunity to determine their communities' objectives and priorities. There is no way of accurately predicting what these objectives will be, what means will be employed to achieve them, and the associated costs. While cost estimates based on federally imposed objectives and program mixes could be generated, they would not give a true indication of what can be expected under the proposed programs. As to the functions for which the shared revenues will be spent, unfortunately there is little precedent upon which to base a future prediction. States and localities have rarely had an opportunity to demonstrate what they could and would do under a relaxation of Federal constraints.

How many local sponsoring organizations have been participating in the Department's resource conservation and development programs? Please indicate for the Record the procedures and steps by which resource conservation and development projects are initiated, approved for planning, approved for operations, and individual undertaking in each project initiated and carried out.

Secretary HARDIN. There are 78 authorized projects in 46 states; they are sponsored by 1,073 units of state and local government including 467 soil and water conservation districts, 343 counties, and 90 cities and municipalities.

Locally initiated, sponsored and governed Resource Conservation and Development projects follow three steps to approval for operations.

APPLICATION FOR PLANNING ASSISTANCE

Legal units of government sponsor applications for resource conservation and development program assistance. Sponsors may include soil and water conservation districts, county governments, towns and municipal governments, and special purpose districts. Project sponsors advise state, regional, and metropolitan clearinghouses of their intent to submit an application for assistance and consider comments received. The applications recognize physical, economic and social factors which may be affecting the multicounty applicant area, project area problems, present activities underway, objectives of the sponsors and actions which they believe to be needed.

Following endorsement by the Governor, applications are submitted to the Soil Conservation Service, the agency assigned administrative responsibility for the Department's Resource Conservation and Development Program.

The Secretary of Agriculture designates and authorizes assistance to new project areas.

PROJECT PLAN DEVELOPMENT

Following authorization for assistance by the Department of Agriculture, sponsors prepare their project plan: Soil Conservation Service assigns a project coordinator to work with the sponsors. Technical assistance of the Soil Conservation Service is made available to the sponsors. Other agencies of the U.S. Department of Agriculture help, along with representatives of other federal, state, and local agencies.

The plan indicates the actions which they expect to take in carrying out the plan.

The draft of the project plan is reviewed by interested agencies, federal, state, and local, that assisted the sponsors with the planning. Members of the Department's Interagency Resource Conservation and Development Committee also review the project plan. Comments regarding the draft plan are considered by the sponsors and the final plan is prepared.

The Governor endorses the final copy of the Resource Conservation and Development Project Plan. The Soil Conservation Service State Conservationist forwards the plan to the Administrator, Soil Conservation Service, recommending operational assistance be authorized by the Secretary of Agriculture.

Operations Assistance

Following the Secretary's authorization of Department assistance, Resource Conservation and Development project sponsors may receive technical assistance and financial assistance to plan and install eligible community-type conservation measures. The assistance is provided to units of government and organizations authorized under state law to install, operate, and maintain community-type conservation measures. Among those measures eligible for resource conservation and development financial assistance are: land stabilization to control erosion and sediment pollution, flood prevention measures, water based recreation and fish and wildlife developments, agricultural water management and agricultural related pollution control.

Referring to Section 415 of the proposed legislation, does this provide that resource conservation and development projects that have already been approved for planning and operation can continue to obtain assistance from the agencies of the Department of Agriculture just as though the program had not been terminated? If not, what will happen to resource conservation and development projects that were initiated several years ago and are just now well started to carry out the overall plan of development that they formulated, and for which they received approval by the Governor of the State and of the Department of Agriculture?

Secretary Hardin. The revenue sharing program would allocate funds to the state to be used by state and local government agencies for rural development purposes. Technical assistance may continue to be obtained from USDA agencies on a reimbursable basis. It is expected that states receiving revenue sharing funds would recognize the importance of a quality environment and its role in rural development and will want to give consideration to funding the development of resource conservation and development projects. It should be noted that states and localities under present legislation provide significant financial support to RC&D projects.

Have any arrangements been made for the orderly liquidation of existing resource conservation and development projects? Will the sponsoring organizations be encouraged to continue their work?

Secretary Hardin. In existing RC&D projects, federal commitments of resource conservation and development funds for project measure agreements in effect prior to January 1, 1972, would continue to be serviced by Soil Conservation Service technicians with funds appropriated to the Department.

Assistance from the Soil Conservation Service would no longer be available from appropriations to the Department for either project planning or project measures in various stages of planning and not under agreement by the above date. States would have the option of continuing this program for rural development. Inasmuch as state agencies are frequently sponsors of project measures and the Governor of each state having projects has endorsed each project we would anticipate a continuation of activities. To the extent states continue resource conservation and development program assistance through the revenue sharing program, they may request technical assistance from the Soil Conservation Service through reimbursable agreements. Any required reduction in staffing within the Soil Conservation Service would be through normal attrition, if time permits.

SMALL WATERSHED PROTECTION AND FLOOD PREVENTION

Will you describe the manner in which the small watershed program contributes to rural community development? Identify some of the tangible benefits that help stabilize and bolster the rural areas when multiple purpose water projects are undertaken, with concrete examples. How many new rural jobs have these benefits created in the various States?

Secretary HARDIN. The small watershed program, designed orginially to control erosion, slow sediment production, and prevent floods, was one of the early Congressional efforts in rural area development and environmental improvement. The water supply, recreation, fish and wildlife, and other multiple purpose features have provided a means for people to solve their resource problems.

This program contributes to community development by helping residents improve their environment and make fuller use of their local resources. It helps them to help themselves by planning and carrying out their own program to protect, improve, and develop the water and related land resource base and enhance their environment by—

Significantly reducing flood, sediment, and erosion damages to farms and communities;

Improving the quality of water in streams and reservoirs;

Developing future water supplies for domestic, municipal, and industrial use;

Conserving and developing land and water resources for fish and wildlife habitat improvement and recreational use;

Installing facilities to control, develop, and efficiently manage agricultural water.

Watershed projects make the watershed community a better place to live and a more pleasant place to visit. New jobs and higher wages are major benefits from these projects. In such areas across America, business and industry are finding it worthwhile to start new plants and shops—in areas where people care enough for their community to work together toward good land and water use, a strong agriculture, space for recreation, and other community assets.

Some of the estimated cumulative benefits to June 30, 1970, from pilot and UL–566 projects already under construction or completed are: *56,900* new jobs created; *180* million dollars in agricultural and non-agricultural damage prevented; *13.2* million tons of sediment kept out of streams and off bottomlands; *249,000* acres of land and water habitat improvement for fish and wildlife; *281,000* people in 46 rural communities assured dependable water supplies; *5* million visitor days of recreation provided annually.

Two concrete examples of the benefits to rural areas from multipurpose watershed projects are the Poteau River in Arkansas and Oklahoma and Brush Creek in West Virginia.

In the Poteau River Watershed in Arkansas and Oklahoma, an improved water supply enabled a major poultry processing industry to resume operation and, in fact, expand, adding 224 new employees. This added nearly $1 million to the community's annual payroll. It also led to 135 more broiler growers and another ¾ million dollars in annual income, an increase of nearly 94%. The benefits from such increases go on and on, extending to an improved county tax base, reduced fire insurance rates, and many others. This was all accomplished in addition to the primary objective of flood prevention, which has already protected the town of Waldron from a 10-inch rain.

Benefits of the Brush Creek PL–566 project were evaluated by the Spindletop Research firm of Lexington, Kentucky. Their findings indicated that prior to 1960, Mercer County, in which Brush Creek is located, had a trend of declining employment. An upturn in employment coincided with the flood retardation provided by the first watershed structures. Interviews were made of firms locating new plants or expanding existing one to learn if their decisions were influenced by the watershed project. It was concluded that 545 manufacturing jobs now exist in Mercer County which would not be there without the project. If employment multiplies are applied, over 1,300 new jobs are attributable to the project, which had yielded an increase of $20 million in wages and salaries to the date of the study. In total, more than $32 in community development benefits have been realized for every dollar of project cost.

In addition to the measurable development benefits, social changes in the town of Princeton and in Mercer County have occurred which cannot be assigned monetary values at the present state of economic analysis. For example, over 40,000 people are now or will be provided with plentiful, safe, clean water whereas before the project, the supply was often short or contaminated. A total of 8,600 people have been provided sanitary sewage disposal by the project, primarily by sewage lagoons. And the lakes and associated facilities are expected to attract 5,000 annual visitors for fishing, picnicking, boating, horseback riding, and other recreational opportunities.

(a) Since the land treatment phase is the initial increment in formulating watershed projects, is the present authority adequate to get that part of the job done in a timely manner?

(b) Should more liberal cost sharing be provided?

(c) Revenue sharing funds could be used for this purpose.

(d) Should the requirement for adequate land treatment be applied to other Federal water resource programs?

(e) If it were so applied, could rural revenue sharing funds be utilized for this purpose?

Secretary HARDIN. (a) The present authority is adequate for the Secretary to provide needed technical assistance for the installation of land treatment measures which will permit this part of the job to be completed in a timely manner.

(b) The rate of cost sharing in the going programs is sufficient.

(c) Revenue sharing funds could be used for this purpose.

(d) Proper land treatment has proven its value in controlling runoff, erosion, and sedimentation. It is our opinion that all Federal water resource programs should utilize the principles of adequate land treatment insofar as they are applicable to their undertakings.

(e) We believe it would be appropriate for the rural revenue funds to be utilized to assist private landowners in installing needed land treatment measures. It would not be appropriate to use rural revenue sharing funds on public lands.

In connection with the land treatment phases of implementing watershed protection and flood prevention projects, what effect do you expect the inclusion of REAP in the rural revenue sharing proposal to have upon the ability of individual land owners in the watershed area to undertake the required land treatments?

Secretary HARDIN. By including REAP funds in the rural revenue-sharing program, State and local governments will be free to determine whether individual land owners and operators in watershed program areas shall be provided (1) the same amount of assistance they are now receiving, (2) more than they are now receiving, or (3) less than they are now receiving to undertake needed land treatments. How this would affect the land owners' ability to undertake conservation land treatments in these areas relates to the State or local government's determination of priorities for rural community development activities.

ACP cost-sharing funds earned by farmers in Public Law 566 watershed program areas amounted to $14.9 million on about 73 thousand farms in 50 States under the 1969 program, and to $14.4 million on about 73 thousand farms of 50 States in 1970. In the last 5 years, it is estimated that about 150 thousand different farms in these watersheds received such ACP assistance one or more years.

WATER BANK

Please provide for the Record a description of the Water Bank program, and your projection of what will happen to it if the rural revenue sharing proposal were enacted?

Secretary **Hardin**. The Water Bank Program is designed to preserve, restore, and improve wetlands identified in a conservation plan developed in cooperation with the conservation district, in important migratory waterfowl nesting and breeding areas, for various specified purposes. The Secretary of Agriculture is authorized to enter into 10-year agreements with land owners and operators in such areas (with opportunity for mutual agreement to renew) under which the owner or operator shall agree among other things not to drain, burn, fill, or otherwise destroy the wetland character of such areas for agricultural purposes. In return for the agreement of the owner or operator, the Secretary shall make an annual payment which is fair and reasonable and bear a portion of the cost of establishing and maintaining conservation and development practices on the wetlands and adjacent areas. The Water Bank Program would also provide for an increase in the annual payments if the owner or operator agrees to permit, without other compensation, access to such acreage by the general public for hunting, trapping, fishing, and hiking.

Under the revenue-sharing program, State and local governments will determine the amount of revenue-share funds which will be used for this type of activity. The State and local governments will be free to use as much or as little, or none, of the revenue-share funds for this purpose, depending on the relative priority they place on this activity as compared to ther eligible uses of the funds.

Under existing law and appropriation Acts, Congress has required that a specified proportion of funds appropriated for the REAP (formerly ACP) program be transferred to the Soil Conservation Service to employ technicians. What happens to these funds under the rural revenue sharing proposal and what happens to the career service technicians of Soil Conservation Service previously employed on this work? Will the number of Soil Conservation Service technicians be reduced through termination registers or will they be transferred to State payrolls? What will be the effect of this back up in 1971, 1972 and 1973 graduating classes who have pointed toward employment in soil and water conservation work?

Secretary **Hardin**. Beginning with 1952, the annual appropriation acts which authorized funds for the Agricultural Conservation Program (ACP)—now the Rural Environmental Assistance Program (REAP)—have provided that $2,500,000 shall be available for technical assistance in formulating and carrying out agricultural conservation practices under the year's program. The same acts have also provided authority for the county committee, with approval of the State committee, to withhold and allot to the SCS up to 5 percent of the county allocation for ACP (REAP). These amounts are for services of SCS technicians in formulating and carrying out the ACP (REAP) in the county. In recent years transfers under this latter authority have amounted to $7 and $8 million per year.

Under revenue sharing program, State and local governments would be free to continue this procedure, making available to SCS such amounts as they choose. No State or local government would be required to reduce the size of a Rural Environmental Assistance Program that they consider is meeting a real need.

Every effort would be made to reassign SCS employees or handle through normal attrition. To the extent that the programs of the Department involved in revenue sharing are continued by the states, employment opportunities for graduating seniors would remain about the same.

Please provide for the Record, a complete assessment of the impact and effects of the adoption of rural revenue sharing on the programs and personnel of the Soil Conservation Service, of State Agricultural Experiment Stations?

Secretary **Hardin**. The adoption of rural community development special revenue sharing would place the $11,000,000 budgeted for cost share contracting with individual farmers and ranchers under the Great Plains Conservation Program and the $4,000,000 budgeted for financial assistance to Resource Conservation and Development project measure sponsors under Resource Conservation and Development in the special revenue sharing program. Technical and financial assistance would no longer be available from appropriations to the Department for GPCP and RC&D. States would have the option of continuing these or comparable programs. To the extent states continue these kinds of programs they may request technical assistance from the Soil Conservation Service through reimbursable agreements.

Federal commitments in GPCP contracts and RC&D project measure agreements in effect prior to January 1, 1972 would be serviced by SCS technicians with federal funds appropriated for those purposes.

The inclusion of REAP and the Water Bank Act in revenue sharing would affect staffing within the SCS. The SCS has had an annual average of about 800 man years of employment financed through reimbursable agreements with ACP (REAP). If states continue a REAP like program, they may request SCS technical assistance through reimbursable agreements. The SCS was expected to provide about 100 man years of technical assistance to the Water Bank Act. If the activities anticipated under the Water Bank Act are carried out by the states, the states may request SCS assistance through reimbursable agreements.

As the impact and effects of the adoption of revenue sharing on these programs would depend entirely upon state rural development priorities and initiative, complete assessment is impossible until the states have had an opportunity to plan their rural community development activities.

It is not anticipated that adoption of Rural Revenue Sharing would have any major influence on the programs and personnel of the State Agricultural Experiment Stations. The present interaction among individual stations, regional, administrative, and technical groups and the Cooperative State Research Service relating to the planning and coordination of research would continue.

Attention to State and local problems always has been a prime responsibility of the State stations. It is likely that the placing of increased responsibility for action programs at the local level would result in an increase in requests from State and local governments for data and information, especially in respect to planning for community and human resource development.

How many Soil Conservation Service technicians do you estimate will be affected, in their work assignments, by the various aspects of the rural revenue sharing proposals? How many will shift to State payrolls? How many will shift to other types of work performed by the Soil Conservation Service? How many will be terminated or retired? Do you expect to develop a special "early retirement program" similar to those recently inaugurated by the Department of Defense and the Postal Service?

Secretary HARDIN. Three of the programs included in rural revenue sharing involve the Soil Conservation Service. These are the Rural Environmental Assistance Program, the Resource Conservation and Development Program, and the Great Plains Conservation Program.

These programs presently involve about 1,700 man-years of SCS employment including 700 man-years under REAP, 600 under RC&D, and 400 under the GPCP. Sufficient man-years will be retained to carry out commitments in existence for each of these programs on the effective date of revenue sharing. In addition, technical services would be made available to the States on a reimbursable basis to the extent that States wish to continue these programs. Therefore, it is not possible at this time to predict what effect enactment of rural revenue sharing will have on SCS employment. It is possible that SCS employment would increase after such enactment depending on how many States require technical services.

STATE AND PRIVATE FORESTRY COOPERATION

In your opinion what will be the effect upon State forestry programs of the operation of Section 412 of the legislation to implement the rural revenue sharing proposal?

Secretary HARDIN. We would expect activities in these areas to continue at about the same general level. In some States these programs would be expanded. In some they might be reduced. The continuing Federal forestry program input would seek to strengthen these efforts.

Please provide for the Hearing Record a list and brief description of the kinds of activities undertaken by States with funds involved in the forestry *grants-in-aid that would be terminated by adoption of the rural revenue sharing proposal together with a brief summary evaluation of the benefits and costs of each as they have operated in past years.*

Secretary HARDIN. In our judgment, the forestry activities referred to in the question would not be terminated by adoption of the rural revenue sharing proposal. The forestry grants-in-aid now support the cooperation in forest fire control, production and distribution of tree seed and nursery stock, reforestation, and technical assistance to private forest landowners. These activities would be continued by the States under the revenue sharing arrangements proposed. The Federal leadership in technical assistance, currently provided under the categorical grants, would not be discontinued under revenue sharing.

As you know, the National Rural and Forest Fire Fighting System is an intricate network of many mutual and joint efforts comprising, among others, private efforts on industrial and other privately owned lands, national parks, lands administered by the Bureau of Land Management, National Forests, State and locally owned forests and parks, and city, county, and town fire departments, what will be the effect of eliminating the Federal payment for State and local forest fire prevention and suppression upon the effectiveness of this currently effective cooperative system?

Secretary HARDIN. Coordination within the fire fighting system described in this question is achieved primarily through local written agreements. These agreements will continue in force. In the event funds for cooperative forest fire control are reduced in any State as a result of revenue sharing, those States would have reduced capability to make cooperative contributions to the system. On the other hand, should States consider this activity of high enough priority, they are free to increase the amounts allocated to this purpose from Rural Revenue Sharing.

If a forest fire breaks out on State owned forest land after adoption of the rural revenue sharing proposal, and the National Forest fire suppression forces are called into service because the State plan did not provide funds for that purpose, will there be a special provision to subsequently reimburse the Department for the National Forest expenditures on State-owned land or private forest lands under jurisdiction of a State? Will ex post facto appropriations be requested for this purpose, as was done several years ago with respect to a serious fire in Idaho?

Secretary HARDIN. The arrangements for mutual aid, including financial arrangements, are spelled out in advance of emergencies in written agreements. Reimbursement would be provided for. The same problem that was encountered in the Idaho example could occur again. This would be the case with or without revenue sharing except that the problem would be aggravated if State funding were reduced or mitigated if States allocate increased amounts from Rural Revenue Sharing to increase their fire fighting capability.

Are any other Federal grants-in-aid to State and local forestry cooperation, in addition to the fire fighting grants, included in the programs that would be phased out under the rural revenue sharing proposal?

Secretary HARDIN. Yes. These are set forth in section 412 of the bill.

Will the Farmers Home Administration program of loans to forestry owners, rural fisheries, outdoor recreation enterprises, and other non-farm enterprises be continued, if the rural revenue proposal is adopted? Could rural revenue sharing funds be used by states for these purposes?

Secretary HARDIN. These programs would be continued by the Farmers Home Administration. Rural revenue sharing funds could be used for these purposes. These loans are made by FHA only to otherwise eligible applicants who are unable to obtain credit from other sources. Therefore, if any state elected to have such a program, any applicant who could obtain a loan under the state program could not qualify for the FHA loan because of ability to obtain credit elsewhere.

RURAL ELECTRIFICATION PROGRAM

You mentioned in the course of the Hearings the rural development organizing work of the borrowers of the Rural Electrification Administration. Can you supply the Record with an estimate or projection as to the electric power needs in rural areas that might accompany several different alternative rural economic growth rates? The President has indicated, as you know, his goal is to revitalize rural America to the extent that it can become the place *where an increasing percentage of the Nation's population can live and earn a living. Taking several different target population figures for the years 1985 or 1990 for the number of rural people and number of rural jobs, what does each alternative population and job target imply as to the needed growth rate for generation, transmission, and use of electric power in such rural areas, and the consequent need for capital investment in the required facilities.*

Secretary Hardin. During the last five fiscal years the amount of electric energy sold by REA borrowers has increased at an average annual rate of approximately 11 percent per year. This is the combined effect of an average annual increase in number of consumers of about 3 percent per year, and an average annual increase in the amount of energy used per consumer of about 8 percent per year.

The growth in energy sales by REA borrowers of about 11 percent per year is very high as compared with the growth in energy sales by the entire electric industry, which for the last five years has averaged about 8 percent per year. Based on past trends and the experience of the industry, REA is currently estimating that the energy sales of REA borrowers will increase at an average rate of about 8 percent during the next ten years.

Changes in past trends with respect to rural population, and with respect to growth in the rural economy, will certainly have an effect on the demand for electric energy. Even on the basis of existing trends, however, there is considerable uncertainty in projecting long range electric energy requirements. At present we do not have an adequate basis for making refined estimates of the effect of alternative rural economic growth rates on the long range power demands and capital needs to be faced by REA borrowers.

Will State plans for the revenue sharing operations, if the proposals are adopted, cover decisions respecting electric power supply, reliability, and generation plant location in rural areas? Which Cabinet member will review and report to Congress on this matter? Will the State plan be final and conclusive insofar as using the State revenue sharing payment to provide an incentive to influence location of nuclear power plants in rural areas? or determination of water heat pollution effects? or location of high tension power lines from esthetic viewpoint?

Secretary Connally. The proposed law requires State plans for rural revenue sharing to include those items to be financed by the revenue sharing funds. If electric power supply, etc., were to be funded then it must be included in the State plan. The State plans will be submitted to the Secretary of Agriculture. He will also report to Congress.

What is your opinion of the effect that adoption of rural revenue sharing proposal will have to increase or decrease the need for funds to finance the expansion and improvement of rural electric generation, transmission and distribution system and rural telephone systems?

Secretary Hardin. To the extent that the rural revenue sharing proposal is successful in increasing rural population the REA financed electric and telephone systems will have a need for additional capital to meet the increased demands for service. This additional source of financing could be utilized through State financing authorities of various kinds to assist in meeting the capital requirements of the REA electrification borrowers. Furthermore, the recently created private electric bank and recently authorized government-sponsored telephone bank will provide additional sources of financing for these borrowers.

MODEL CITIES IN RURAL AREAS

Will rural communities that have previously qualified and have been approved for Model Cities grants be able to continue to receive such grants through renewal, continuation or other means?"

Secretary Romney. The Administration has stated that small communities will be "held harmless" for continuing activities which were begun under the predecesor programs to be consolidated into Urban Community Development Revenue Sharing. In the case of Model Cities, small communities now in the program will receive an amount equivalent to the annual Model Cities supplemental funding rate as part of the city's "hold harmless". This allocation would continue yearly until the city has completed its "five action years" as called for in the legislative history of the Model Cities statute.

RURAL DEVELOPMENT SERVICE

Earlier in your testimony you indicated that you were reactivating a special unit in your office to carry out the functions formerly assigned to the Rural Community Development Service. Please provide the subcommittee with a statement of duties and responsibilities of the proposed new unit? What funds will be used to support this work? Will the new unit have the responsibility and power to influence the location of Federal installations of other Executive Branch Departments and placement of general Federal procurement and defense contracts? Would legislation to strengthen your hand in this regard be helpful to the proposed new unit?

Secretary HARDIN. The new unit would *not* be assigned all of the functions of the previous organization known as the Rural Community Development Service. Functions of the previous RCDS transferred to various program agencies of USDA would be retained by those program agencies. The functions assigned to the new unit, called the Rural Development Service, would include those overall coordinating and leadership functions now assigned to the Deputy Under Secretary for Rural Development and his staff, plus administration of the rural development shared revenue program when enacted. The assignment of responsibilities is set forth in Secretary's Memorandum No. 1730 announcing the intention to reorganize (attached).

No new powers are, or could legally be, created by this reorganization. Consequently, RDS would not have power to force other Federal agencies to locate installations in rural areas, or to modify procurement practices. We do not now forsee the need for legislation to authorize this. Many factors must be taken into account in locating Federal installations and placing contracts, including availability of skilled labor, housing for workers, convenience of the clientele served by government programs, transportation, communications, and economy and efficiency of operations. Under existing authorities, these factors can be considered, together with the advantages to local communities and firms in terms of rural development. Initial funding would be provided by the $230 thousand transferred to the Office of the Secretary from RCDS when it was abolished.

UNITED STATES DEPARTMENT OF AGRICULTURE,

May 13, 1971.

SECRETARY'S MEMORANDUM No. 1730

PROPOSED ESTABLISHMENT OF A RURAL DEVELOPMENT SERVICE

1. *Purpose.*—Legislation proposed by the President and now pending before the Congress would establish a revenue sharing program for rural development. The proposed legislation is designed to give citizens of States and local communities more effective tools and greater financial resources for dealing with rural community development problems than in the past. The needs, problems, conditions, and opportunities for promoting economic and social development of rural areas are matters that are of special concern to, and within the particular competence of, those who live in the communities affected.

In addition, there is a growing need for more effective overall coordination and planning of the programs of USDA and other Departments and Agencies of the Federal Government that can be brought to bear on the problems of rural America.

2. *Functions assigned.*—In order to improve the effectiveness of the Government's efforts to assist in meeting the needs of rural communities, I propose to establish a new Agency in the Department of Agriculture, to be known as the Rural Development Service. The Rural Development Service will report to the Secretary's Office.

There will be transferred to the Rural Development Service the functions now performed by the Deputy Under Secretary for Rural Development. In addition, upon enactment of the legislation, the Service will be assigned all the functions under the proposed rural community development revenue sharing program, with the exception of audit functions which will be assigned to the Office of the Inspector General.

3. *Management support activities.*—Support activities such as accounting, budget, personnel, and other administrative services which are required by the new agency will be provided by the Office of Management Services.

4. *Incidental transfers.*—The Assistant Secretary for Administration will approve such transfers of funds, records, property, space, and personnel as are involved in the organizational assignment when it becomes effective.

5. *Public notice.*—In accordance with Reorganization Plan No. 2 of 1953, the Department is giving advance public notice of delegations of functions proposed to be made and will afford interested persons opportunity to place before the Department their views with respect thereto. In order to be considered, comments must be received by June 30, 1971.

Clifford M. Hardin,
Secretary of Agriculture.

Will the new unit have any special cooperation of the Office of Management and Budget and the General Service Administration to obtain reports and to be allowed to participate in the actual allocation, by other Departments of the Executive Branch, of their expenditures and benefits to rural areas? Will they be able to exert any influence on the substantive aspects of other Executive Department programs to insure that those programs effectively reach out to those rural areas who want and need help? How do you propose that this important function be carried out?

Secretary **Hardin**. Because RDS will be a unit of USDA, exercising only those functions now vested in USDA, plus rural revenue sharing when enacted, it will have no special authority or role to decide how much money will be budgeted for other Departments or how such money might be used in rural areas. Under present Departmental organizational arrangements, these types of decisions can only be made at the Presidential level. That is one of the major reasons why the President has proposed a reorganization plan to establish a new Department of Community Development. This new Department would directly administer all of the major functions relating to rural development now scattered among many different Departments and agencies. Better coordination, more effective resource allocation, and more efficient administration should result.

PROPOSED TRANSFERS OF COMPONENTS OF ECONOMIC RESEARCH SCIENCE

If they have been formulated, please provide for the Hearing Record, the plans you have made for transferring the several divisions, branches, and sections of Economic Research Service to the several proposed new Departments? How will continuity and cohesiveness of the USDA-Land Grant College research system be preserved?

Secretary **Hardin**. Under the President's Departmental Reorganization Plan, components of the Economic Research Service would be transferred as follows:

1. Natural Resource Economics Division, to the Department of Natural Resources.
2. Human Resources Branch of the Economic Development Division, to the Department of Human Resources.
3. Economic Development Division (except Human Resources Branch), to the Department of Community Development.
4. All remaining units of ERS, to the Department of Economic Affairs.

We do not expect to experience any change in the continuity and cohesiveness of the various research programs carried out by ERS under the President's proposed reorganization.

The various State Agricultural Experiment Stations and related research units of the State Universities and Land-Grant Colleges now receive a substantial portion of their total research funding from Federal agencies other than the Department of Agriculture. Most of the Agricultural Research Service and the Cooperative State Research Service would be transferred to the Department of Economic Affairs. The close working relationships with Land-Grant Colleges would not only be maintained, but continuous effort to strengthen it would be made.

Following up on Senator Dole's questioning of Secretary Connally on pages 60 and 61 of the transcript, can you give the Subcommittee assurance that if the Department of Agriculture is divided up and reassigned to several new Departments of the Executive Branch, that the concern for rural development for strictly rural people and for farmers and farm programs, will not become submerged into departmental priority systems that are mainly concerned with city or metropolitan problems with the result that the rural programs might *not get the attention and emphasis that an adequate population distribution policy would call for?*

Secretary **Hardin**. Rural development objectives will not be submerged in the new Department of Community Development. The field organization of the DCD will provide for a separate policy and program focus for rural development. Existing Federal field offices serving rural communities would remain intact. Under a Department concerned with both rural and urban development, the clear advantages to cities of easing population density pressures by providing viable alternatives in rural communities will be more readily perceived and more easily translated into programmatic and budgetary decisions to support rural development than can be expected under current fragmented organizational arrangements.

Farmer-oriented programs will receive a clear sharp organizational focus in the new Department of Economic Affairs. The DEA will have, as one of its first level major organizations, a Farms and Agriculture Administration (FAA). The FAA will include all of the key USDA programs dealing with the economic interests of farmers as producers, including the price support and related programs, crop insurance, marketing regulation and services, agricultural research and extension, etc. The FAA will be headed by a Presidential appointee, with the advice and consent of the Senate, who will be able to give his full and undivided attention to agricultural matters (unlike Secretaries of Agriculture who are responsible for administering many non-agricultural programs amounting to billions of dollars a year).

Please provide for the Heading Record a description of the activity of the Department of Agriculture over the past 10 years in cooperation with the Department of Defense "to alleviate unemployment caused by loss or curtailment of large industries or Government activities"? Would it be helpful if such activities were expanded?

Secretary **Hardin**. This Administration is committed to bringing the resources of the Federal Government to bear on the alleviation of economic difficulties caused by Defense realignments. The Secretary of Agriculture is a member of the Inter-Agency Economic Adjustment Committee which is chaired by the Secretary of Defense.

The Committee has acquired considerable background on the nature and extent of Defense impacts on the economy. It has assessed the Government's resources available to attack the problems. It has outlined the contributions that various Federal agencies could make. It has enlisted the support of the private sector of the economy in each readjustment effort. It has obtained the help of state and local governments. And, most important, it has participated directly in assisting communities adversely affected by Defense program changes.

How many rural communities lacked adequate water and waste disposal systems prior to enactment of the Aiken Act? How many such systems have been constructed under the program? How many rural communities still lack an adequate water system? Still lack an adequate sewer and waste disposal system? What percentage of water borrowers required grants? What percentage of waste disposal borrowers required grants?

Secretary **Hardin**. According to the Economic Research Service's Report No. 143, there were 4.794 communities without water systems in 1963, and 44.709 without sewerage systems in 1962.

B. Since October 1965, more than 3.500 water systems and 1.500 waste disposal systems have been constructed.

C. A survey made by FHA in 1969 found 24.545 communities needing new or improved water systems, and 21.936 needing new or improved sewerage systems.

D. Since the beginning of the program, 29.8 percent of the water borrowers, 54.6 percent of the combination water and waste disposal borrowers, and 70.6 percent of the waste disposal borrowers have also received grants.

If the rural revenue sharing proposal should be adopted what will happen to those communities that are unable to obtain a water or sewer loan without a grant?

Secretary **Hardin**. If a grant is needed to make the project feasible and the state will not be able to make the grant, then the community will be without a water or sewer system if the community cannot raise the grant portion from other sources.

Please give us your best estimate of the effect that adoption of the rural revenue sharing proposal and its elimination of the grant program will have *on the volume of demand for Farmers Home Administration water and waste disposal loans?*

Secretary **Hardin**. This is dependent on the state plans for use of revenue sharing funds. We would expect that in many states the volume of loan applications may increase.

If the new proposal is adopted, what will be the effect on the Department's loan and grant program for waste disposal? Will the area-wide sewer plans that have already been completed under existing legislation by municipalities and associations be incorporated in the Governors' plans or will these be disregarded as far as their being a requirement for approval of eligibility for a waste loan? Would you recommend that the existing legislation be amended in this respect?

Secretary **Hardin**. A. The proposal if adopted, will eliminate the Department's grant program for waste disposal facilities. Depending on individual state plans, it is likely that we will see an increase in the request for loans.

B. It will be up to each state to decide the future status of such plans. Some plans were accomplished on a state basis. Others by regional commissions established by the Governor and still other cases, have been done on a county basis. Although it will not be required that a state adopt use of these plans, it would seem good business that states regional and area planning commissions would use these as a basis for current and future planning. We expect to encourage this approach.

C. It seems to us that the existing legislation might be strengthened to encourage states to adopt existing plans as the basis for current and future planning. We would not suggest this as a requirement.

As you know, the amount of grant included along with Farmers Home Administration loans for water systems and waste disposal project is calculated in connection with, and at the same time that the feasibility of the loan and repayment ability of the applicant is determined and calculated. What measures for this type of close coordination are contemplated under the rural revenue sharing proposal where the water and waste disposal grants will be paid by the Federal government to the State government which would then provide the funds for the individual water or waste disposal project? What proportion of the water and waste disposal loans of Farmers Home Administration over the past few years have been accompanied by grants? Is the proportion higher for waste disposal systems than for water systems?

Secretary **Hardin**. In those cases where a grant is necessary to reduce user costs to a reasonable level, this will require close coordination between the FHA State Director and the responsible state agency to see that the amount of loan and grant are properly established.

The following table shows that for the five fiscal years since enactment of Public Law 89-240, 29.8 percent of the water systems, 54.6 percent of the combination water and waste disposal systems, and 70.6 percent of the sewer systems have received grants. The proportion for waste disposal systems is 2.37 times as high as for water systems.

[In percent]

Fiscal year	Water systems		Waste disposal systems		Combination water and waste disposal systems	
	Loan only	Loan and grant	Loan only	Loan and grant	Loan only	Loan and grant
1966	79.2	20.8	2.3	97.7	0	10.0
1967	77.0	23.0	25.2	74.8	59.8	40.2
1968	74.6	25.4	41.8	58.2	51.8	48.2
1969	70.5	29.5	43.7	56.3	62.4	37.6
1970	46.9	53.1	.7	99.3	14.7	85.3
Total	70.2	29.8	29.4	70.6	45.4	54.6

What effect will the elimination of HUD, EDA, and FHA grant programs for waste disposal and sewer systems have upon the demand for waste water treatment plant grants of the Environmental Protection Agency (formerly Water Quality Control Administration)?

Secretary HARDIN. The demand for EPA treatment plant grants, will likely increase unless state plans fully offset HUD, EDA, and FHA grant programs.

What is the relationship between the several revenue-sharing proposals and grants-in-aid to States for waste water treatment plants?

Secretary CONNALLY. We have asked the Environmental Protection Agency to supply the answer to this question.

(Note. No response was received from the Environmental Protection Agency.)

ECONOMIC DEVELOPMENT ADMINISTRATION

(Replies to questions supplied by William W. Blunt Jr., Chief Counsel)

Does the rural revenue sharing proposal abolish the Economic Development Administration programs of facility loans and of industrial loans in depressed rural areas, or is only the grant component of such projects affected?

Mr. BLUNT. The rural revenue sharing proposal abolishes EDA's program of facility loans and industrial loans (including the grant component of such projects) in all depressed rural areas except in Indian reservations. Under the proposal EDA retains the authority to designate Indian reservations and to provide the full range of financial and technical assistance to recipients within such designated reservations.

The programs of the Economic Development Administration have operated primarily in rural areas for much of the time until the recent increase in unemployment in certain cities. Is it the intention under the rural revenue sharing proposal to phase out the technical assistance and loans provided by EDA to urban areas of chronic unemployment, or does the proposal relate only to that part of EDA grants used for public facilities in rural areas?

Mr. BLUNT. The rural development revenue sharing proposal will phase out the technical assistance and loans provided by EDA to urban areas of chronic employment as well as public facility grants provided by EDA to rural areas (except Indian reservations).

Please provide for the Hearing Record the number of each kind of community facility and public work and of each type of business or industrial enterprise that has been initiated by the programs operated under the Economic Development Act and its predecessor, the Area Redevelopment Act. Please indicate the repayment record for the various type of ARA and EDA loan programs.

Mr. BLUNT. Attached are the following items:

a. Type of public facility projects approved under the Economic Development Act.

b. Type of public facility projects approved under the Area Redevelopment Act.

c. Type of enterprise assisted by industrial loans under the Economic Development Act.

d. Type of enterprise assisted by industrial loans under the Area Redevelopment Act.

e. Repayment record of ARA and EDA loan programs.

Type of Public Facility Projects Approved Under the Economic Development Act

Type of project:	*Number*
Utilities (water, sewer, waste treatment projects)	1, 376
Industrial/commercial (labor facilities, industrial park site preparation, access roads, railroad sidings)	330
Streets and roads	70
Tourism facilities	97
Public buildings	44
Conservation	6
Educational facilities	79
Health facilities	51
Total	2, 053

Type of Public Facility Projects Approved Under the Area Redevelopment Act

Type of project:	Number
Water transportation (port facilities)	8
Air transportation (airport facilities)	3
Electric, gas, and sanitary services	78
Recreational services	19
Medical and other health services	4
Museums	1
Industrial parks	37
Miscellaneous services (research and development—Nonprofit)	5
	2
Total	157

Type of enterprise assisted by industrial loans under the Area Redevelopment Act

Type of enterprise:	Number
Commercial farms (horticulture)	1
Agriculture services	3
Bituminous mining	2
Mining and quarrying of nonmetallic minerals	3
Ordnance and accessories	1
Food and kindred products	42
Tobacco manufacturers	1
Textile mill products	13
Apparel and finished goods	24
Lumber and wood products	52
Furniture and fixtures	17
Paper and allied products	12
Printing and publishing	5
Chemicals and allied products	12
Petroleum, refining, and related industry	2
Rubber and miscellaneous plastics	27
Leather and leather products	2
Stone, clay, and glass	25
Primary metal industries	15
Fabricated metal products	21
Machinery (except electrical)	10
Electrical machinery, equipment, and supplies	15
Transportation equipment	14
Professional, scientific, and controlling instruments	6
Miscellaneous manufacturing	5
Motor freight transportation and warehousing	7
Wholesale trades	3
Retail trades	1
Retail trades, miscellaneous	4
Hotels and motels	28
Services, personal	1
Miscellaneous business services (Research and development—commercial)	3
Miscellaneous repair service	1
Recreational services (including tourism)	21
Medical and other health services	6
Total	405

Type of Enterprise Assisted by Industrial Loans Under the Economic Development Act

Type of enterprise:	Number
Commercial farms	2
Agricultural services	1
Quarrying	1
Industrial buildings	1
Food and kindred products	34
Textiles, fabrics and finished products	20
Lumber, wood products, furniture and fixtures	46
Paper and allied products	15
Printing and publishing	7
Rubber, plastics, leather products, cement, stone, glass, and ceramics	37
Primary and fabricated metals	22
Machinery (except electrical)	7
Electrical machinery equipment and supplies	10
Transportation equipment	10
Professional, scientific, controlling instruments	6
Miscellaneous manufacturing	3
Motor freight transportation and warehousing	8
Wholesale and retail trades	8
Real estate	1
Reservation/tourism	13
Health facilities	1
Total	253

REPAYMENT RECORD OF ARA AND EDA LOAN PROGRAMS—AS OF FEB. 28, 1971

	Number of loans	
	ARA	EDA
1. ARA and EDA public works loans		
Fully disbursed loans:		
Loans paid in full	4	
Current loans	70	233
Past due loans	5	
Total	79	233
Principal repaid	$1,623,575	$1,352,145
Principal outstanding	$50,596,590	$75,816,426
2. ARA and EDA industrial loans		
Fully disbursed loans:		
Loans paid in full	37	4
Current loans	209	142
Past due loans	49	45
Loans in liquidation	20	6
Loan liquidated	60	6
Total	375	203
Principal repaid (including acquired collateral and judgments)	$34,299,498	$7,149,820
Principal outstanding (including acquired collateral and judgments)	$113,354,371	$132,382,077

In Section 101(c)(2)(C) of the proposed legislation, what would be considered to be "excessive unemployment and underemployment? What not excessive? How is the degree of underemployment calculated?

Secretary HARDIN. The expression "excessive unemployment" is used in the rural revenue sharing proposal to make clear that States may use revenue sharing funds to attack unemployment problems in rural areas. It is contemplated that the full meaning of such term would be interpreted by individual States. The word "excessive", however, was inserted to encourage the differentiation by States between problems caused by unemployment due to usual causes, such as job transfers, and situations of unemployment meriting governmental intervention.

What will happen under the rural revenue sharing proposal to the economic development districts established by the States in cooperation with EDA? What will happen to the local development districts established under the Appala-

chian Development Act? What to OEO Community Action Agencies in rural areas?

Mr. **Blunt.** Under the rural revenue sharing proposal, economic development districts would no longer be designated or funded by EDA. The proposal provides, however, that, for the purpose of formulating a State development plan, each State shall establish multijurisdictional planning districts. It is contemplated that these districts could, if so decided by the State, coincide with economic development districts previously designated by EDA. The revenue sharing proposal, however, does set forth particular requirements for district boards.

The remainder of this question shall be answered by representatives from ARC and OEO.

Please provide for the Hearing Record a brief explanation of the substantiative implications of Section 403 of the proposed legislation.

Mr. **Blunt.** Section 403 provides that the designation by EDA of all redevelopment areas (except Indian reservation), economic development centers, and economic development districts shall be deemed terminated on December 31, 1971. The effect of this provision is that these areas shall not, after such date, be considered eligible for EDA financial or technical assistance or for assistance from other Federal agencies which would otherwise be available to such areas by virtue of the EDA designation. Projects approved in such areas by EDA prior to December 31, 1970, will, however, be completed by EDA or the Secretary of Commerce under the authority of section 402(a)(1)(A) of the bill which permits the carrying out of commitments previously made.

Does Part A of Title IV of the proposed legislation to implement rural revenue sharing mean that the entire Economic Development Administration and its program will be abolished on December 31, 1971, except for orderly liquidations?

Mr. **Blunt.** Part A of Title IV of the rural revenue sharing proposal means that the entire Economic Development Administration and its program will be abolished on December 31, 1971 except:

(1) the carrying out of commitments under EDA programs made prior to such date, including construction overruns resulting from such commitments;

(2) the designation of Indian reservations and the provisions of financial and technical assistance for recipients within such reservations; and

(3) the provision of technical assistance for the preparation of technical assistance for the preparation of trade adjustment proposals pursuant to, and the accomplishment of feasibility and related studies under, the Trade Expansion Act of 1962.

Please provide for the Hearing Record (a) the volume, by States, of approved industrial loans under the Economic Development Act and its predecessor, the Area Redevelopment Act, and (b) the volume, by States, of the rural industrial loan applications that were turned down or withheld because of lack of funds or other reasons?

Mr. **Blunt.**

Attached are the following items:

a. Volume by States of approved industrial loans under the Economic Development Act.

b. Volume by States of approved industrial loans under the Area Redevelopment Act.

c. Volume by States of denied industrial loans under the Economic Development Act.

As of June 30, 1965, a total of 717 industrial loan applications submitted under the Area Redevelopment Act were denied or withdrawn. A distribution of these applications by State is unavailable.

The term "industrial loan" for the purposes of this question has been interpreted as loans made by EDA under section 202 of the Public Works and Economic Development Act of 1965 (industrial and commercial loans). It should be noted, however, that section 201 of such Act authorizes loans for public works and public facilities. Frequently such 201 loans are made for industrial parks. Statistics regarding loans for industrial parks have not been included.

Volume by States of Approved Industrial Loans Under the Economic Development Act

State:	Number
Alabama	6
Alaska	2
Arizona	5
Arkansas	3
California	16
Colorado	1
Connecticut	2
Delaware	1
Florida	6
Georgia	11
Hawaii	1
Idaho	3
Illinois	7
Indiana	3
Kentucky	10
Louisiana	3
Maine	12
Maryland	4
Massachusetts	4
Michigan	1
Minnesota	20
Mississippi	10
Missouri	1
Montana	3
Nevada	1
New Hampshire	1
New Jersey	10
New Mexico	6
New York	12
North Carolina	9
Ohio	5
Oklahoma	10
Pennsylvania	7
South Carolina	3
Tennessee	9
Texas	11
Virginia	1
Washington	10
West Virginia	7
Wisconsin	3
American Somoa	1
Puerto Rico	12
Total	253

Volume by States of Approved Industrial Loans Under the Area Redevelopment Act

State:	*Number*
Alabama	10
Alaska	4
Arizona	1
Arkansas	8
California	8
Colorado	2
Connecticut	6
Delaware	
Florida	8
Georgia	15
Hawaii	2
Idaho	6
Illinois	9
Indiana	12
Iowa	
Kansas	3
Kentucky	23
Louisiana	14
Maine	20
Maryland	5
Massachusetts	13
Michigan	16
Minnesota	22
Mississippi	8
Missouri	4
Montana	2
Nebraska	
Nevada	
New Hampshire	4
New Jersey	2
New Mexico	4
New York	11
North Carolina	10
North Dakota	
Ohio	10
Oklahoma	15
Oregon	2
Pennsylvania	33
Rhode Island	1
South Carolina	6
South Dakota	1
Tennessee	7
Texas	16
Utah	6
Vermont	2
Virginia	2
Washington	7
West Virginia	18
Wisconsin	5
Wyoming	3
American Samoa	1
Guam	
Puerto Rico	11
Inactive projects [1]	7
U.S. total	405

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[1] Projects which did not succeed and were liquidated.

Volume by States of Denied Industrial Loans Under the Economic Development Act

State:	*Number*
Alabama	7
Alaska	5
Arizona	7
Arkansas	4
California	17
Colorado	1
Connecticut	2
Florida	14
Georgia	8
Hawaii	3
Idaho	7
Illinois	18
Indiana	8
Iowa	1
Kansas	3
Kentucky	4
Louisiana	7
Maine	15
Maryland	3
Massachusetts	2
Michigan	12
Minnesota	12
Mississippi	4
Missouri	7
Montana	7
Nevada	1
New Hampshire	3
New Jersey	12
New Mexico	3
New York	4
North Carolina	7
Ohio	10
Oklahoma	10
Oregon	5
Pennsylvania	19
Rhode Island	4
South Carolina	7
South Dakota	2
Tennessee	6
Texas	16
Utah	2
Virginia	3
Washington	3
West Virginia	12
Wisconsin	8
Wyoming	2
Guam	1
Puerto Rico	8
Virgin Islands	4
Total	330

RURAL HOUSING

What are the effects upon the Department's housing programs of the rural revenue sharing proposal? Could rural revenue sharing funds be used to augment and expand the several rural housing programs?

Secretary HARDIN. The Department's rural housing program would not be affected directly by revenue sharing because the housing program is a mortgage loan operation with the funds provided through loans and not grants. We do use grants in farm labor housing but these grants are an integral part of the loan and are not included in revenue sharing. Revenue sharing programs which provide funds for community services and facilities, particularly for water systems and waste disposal systems, help to promote rural housing by providing the basic facilities essential to the development and growth of communities. Of course, States could use revenue sharing funds to establish State financing authorities to provide additional credit assistance for rural housing.

3. REPLACEMENT OF STATE AND LOCAL SALES AND PROPERTY TAXES BY REVENUE SHARING FUNDS

To clarify the record in connection with Secretary Connally's reply to Senator Bellmon on page 70 of the transcript: does the rural revenue sharing proposal provide that there will be some funds going directly from the Federal government to the county governments that the governing bodies of these counties can use to lower their property or sales tax rates or for other purposes?

Secretary CONNALLY. Rural revenue sharing funds would go from the Federal government to the State and then be allocated within the State according to the State plan. Funds could be used to lower property or sales tax rates.

Could you give us an estimate, or projection, of the extent to which each State, or the total of all of them, might use general revenue sharing funds to enable the State and local governments and school districts to reduce their own property and sales tax collections? As we look to the future, do you anticipate that the general revenue sharing proposal, if adopted, will enable State and local governments to reduce their reliance upon property and sales taxes?

Secretary CONNALLY. The $5 billion general revenue sharing proposal is equivalent to 8.7 percent of State-local property and sales tax collections in 1968–69 and to 77 percent of the increase in these taxes over the 1967–68 period. While there may be a few cases where General Revenue Sharing will provide a local government with enough leeway to reduce taxes, generally this will not be true. However, general revenue sharing will, in our opinion, reduce pressures for *increases* in these taxes, and thus reduce State-local reliance on them for revenue.

Of the proposed $1.1 billion in rural revenue sharing, what is your estimate of the amount that would be used by the States to enable counties and rural municipalities to reduce property and sales taxes? What proportion of the total do you estimate would continue to be used for the purposes provided in existing Federal law and appropriation Acts?

Secretary HARDIN. The amount of rural revenue sharing funds used to reduce categories of State or local taxes, or used to support purposes in existing Federal law can be ascertained only from experience. We are aware of the possibility of State and local Governments utilizing the funds in such a way as to provide some temporary relief of particular tax burdens, but continued increasing demands for services will cause these Governments to continue to exploit their sources of revenue through taxation. We expect considerable variation among States and rural communities in proportion of revenue sharing used for the purposes provided in existing legislation, and this is an intended result of permitting the States and communities to exercise a greater voice in deciding the amount of need for selected current Federal programs, in relation to their other needs in community development.

In the absence of State matching requirements, there is discussion, and expectation in many quarters, that the total amount of payments from the seven proposals will in a matter of a few years be substituted for State and local revenues. Your comments for the Record will be appreciated.

4. IMPACT ON WAGES OF HIRED LABOR IN RURAL AREAS

What will the effect of the revenue sharing proposals on administration of the Labor-Relations Act? Will the revenue sharing proposals tend to raise or lower wages in rural areas compared to other parts of the country?

Secretary CONNALLY. The thrust of this question seems to be that a few years after the general and special revenue sharing proposals are enacted, State-local expenditures will be no higher than they would have been without their enactment, and State-local revenues would be reduced by an equivalent amount.

We cannot see how this could indeed happen. Governors and Mayors from all over the country have indicated that revenue sharing will only help them to meet their rising costs, and will by no means provide the total solution to their fiscal problems. However, revenue sharing will substitute for many of the increases in State and local tax rates which would occur in its absence. This shift from dependence on regressive State-local taxes to reliance on the progressive Federal tax system is to be applauded.

Secretary HARDIN. We have asked the Department of Labor to supply the answer to the first part of this question.

It is difficult to specify at this point what effect revenue sharing would have on wages paid in rural areas. The main thrust of the program is to improve the public services available to residents of all parts of the country, both rural and non-rural. Revenue sharing will improve the quality of government response in rural areas, and thus provide residents with better government for their tax dollars.

(Note. No response was received from the Department of Labor.)

5. LACK OF PROTECTION AGAINST RUN-AWAY INDUSTRIES

As you know, there have, over the years, been fears expressed that emphasis on rural development would result in pirating of industry and economic opportunities from area to another; the economic development act and various other acts have contained strict anti-piracy clauses. Is similar anti-pirating protection provided in the proposed legislation to carry out the rural revenue sharing proposal? How will this be enforced?

Secretary HARDIN. Anti-piracy clauses are not included in the rural revenue sharing legislation.

Would you favor, or oppose, the addition of a prohibition against use of rural revenue sharing funds to encourage the movement to rural areas of industrial firms and plants, already established in the urban areas of a State? Of another State? If such a limitation or prohibition should be desirable what language would you suggest?

Secretary HARDIN. We do not recommend the addition of such a prohibition but we would not oppose it. There is no intent to encourage or finance wasteful "pirating" of industrial firms and we do not believe this would occur in view of existing State and Federal legislation which prohibits it. We do not have any language to suggest.

Is there any safeguard in the rural revenue sharing proposal against the financing by a State of a runaway industry from another State? If so, would it be enforced under Section 304(a)?

Secretary HARDIN. Anti-piracy clauses are not included in the rural revenue sharing legislation.

6. IMPACT OF RURAL ELECTRIC POWER GENERATING CAPACITY AND POWER SUPPLY

Will State plans for the revenue sharing operations, if the proposals are adopted, cover decisions respecting electric power supply, reliability, and generation plant location in rural areas? Which Cabinet member will review and report to Congress on this matter? Will the State plan be final and conclusive insofar as using the State revenue sharing payment to provide an incentive to influence location of nuclear power plants in rural areas? or determination of water heat pollution effects? or location of high tension power lines from esthetic viewpoint?

Secretary CONNALLY. We have asked the Department of Agriculture to supply answers to this question.

(Note. No reply was received from the Department of Agriculture.)

7. IMPACT ON LOW INCOME FAMILIES OF REVENUE SHARING PROPOSALS

What would be your reaction to a suggested proposal to add the number of rural persons in poverty status to the formulas for distribution of rural revenue sharing payments among States? Within States? Within rural areas?

Secretary CONNALLY. A poverty variable was considered during the course of constructing the revenue sharing formula. After statistically measuring the relationship between various poverty measures and average per capita income, it was concluded a separate poverty variable would be unnecessary. The incidence of poverty, for example, and average per capita income are very highly correlated. Thus, the income variable included in the present formula serves as an effective proxy for a more explicit poverty measure.

8. IMPACT ON AREAWIDE PLANNING AND DEVELOPMENT DISTRICTS OF STATES

Does the description of the "state development planning system" included in Subsection 101(n) constitute a requirement that a State shall establish a completely new and separate planning structure? Or is it a list of criteria to which an existing system must be adjusted in order to qualify? Is a state ineligible to receive rural revenue sharing funds if its method of selecting state planning commissions and multi-jurisdictional planning boards differs from that specified? For example, do the multi-jurisdictional systems already established in Georgia, Virginia, Minnesota and Pennsylvania qualify or will they have to be modified to meet the requirement laid down in subsection 101(n)? Please list the States that already have multi-jurisdictional planning districts and indicate the changes each would be required to make to qualify under subsection 101(n).

Secretary HARDIN. No, the description of the state development planning system included in subsection 101(n) does not constitute a requirement that a state establish a completely new planning structure. Section 203 of the proposal provides that the Secretaries may, upon request of the Governor, accept an alternative state development and planning system which assures consultation and coordination with units of local government within the state.

Why the requirement that all Members of the district planning board shall be elected officials rather than allowing elected governing bodies of constitutent local governments, if they choose, to appoint either elected or appointed officials to represent them as the local government sees fit?

Secretary HARDIN. The purpose of the requirement is to strengthen the accountability to the public of those participating in the planning process.

Under the proposal, it is required that a district planning board have the services of a permanent professional staff. Is a provision made to enable a district board to employ a professional staff?

Secretary HARDIN. The district is not required to have a permanent professional staff. Revenue sharing funds could be used for this purpose in eligible rural areas.

How many states have already provided for multi-jurisdictional district planning boards, with or without permanent staffs? Please provide a list for the Hearing Record.

Secretary HARDIN. The following states have delineated multi-county planning and development districts, either by executive order of the Governor or by state statute.

Alabama
Arizona
Arkansas
California
Colorado
Connecticut
Florida
Georgia
Indiana
Iowa
Kansas
Kentucky
Louisiana
Massachusetts
Michigan
Minnesota
Mississippi
Missouri
Nebraska
New Hampshire
New Mexico
New York
North Carolina
North Dakota
Oklahoma
Oregon
Pennsylvania
South Carolina
South Dakota
Tennessee
Texas
Utah
Vermont
Virginia
Washington
West Virginia
Wisconsin

The following states have made explicit in the executive order or state law provisions for the establishment of a district planning board.

- Alabama
- Arizona
- Arkansas
- California
- Connecticut
- Georgia
- Kansas
- Kentucky
- Louisiana
- Massachusetts
- Michigan
- Minnesota
- Mississippi
- Missouri
- Nebraska
- New Mexico
- Oregon
- Tennessee
- Texas
- Virginia

Please provide for the Hearing Record a brief statement of your interpretation of the following language in Section 203 of the proposed rural revenue sharing legislation "an alternate State development planning system which assures consultation and coordination with units of local government. Are there any States that do not have a planning system that will be acceptable under this alternative? Which states, if any?"

Secretary ROMNEY. The provision for an alternative planning and development system was included to assure that small states like Rhode Island and Delaware and perhaps certain western states with large land areas in Indian reservations and federal lands will not have to conform to a system which could be inappropriate. Most such states now have the basis for a planning system assuring coordination with between the states and local units of government or are in the process of developing such a system.

Please provide for the record a copy of the coordinating memorandum of agreement between the Departments of Agriculture and Housing and Urban Development relative to implementation of pertinent provisions of Section 701 as amended in 1968. What will be the disposition of this undertaking under the new revenue sharing proposals?

Secretary HARDIN. A copy of the coordinating memorandum of agreement is attached.

The President has proposed for Congressional authorization a new program of planning and management assistance for states, area-wide agencies and localities. Under this program, $100 million would be made available in the next fiscal year to state and local governments to improve planning and public administration. The proposal places new emphasis on the creation of a comprehensive governmental management process that ties together planning and action in a variety of functional fields. The proposal was made in conjunction with the special revenue sharing for urban community development.

Under the rural revenue sharing measure also proposed by the President, the governor of each state is given responsibility for drawing up a state-wide development plan. Formulation of the plan will be based, in part, on plans submitted by state-established, multi-jurisdictional planning districts covering all areas of the state. Funds made available to states for planning and management assistance may be used to help carry out this planning process.

A member from each of the district planning bodies will make up a panel to assist the governor in the state planning process. The completed plan for a state will be filed with the Secretaries of Agriculture and Housing and Urban Development as a declaration of an intent.

Special revenue sharing for rural community development will initially be administered by the Secretary of Agriculture. Eventually both this program and the program of planning and management assistance previously described will come under the Department of Community Development also proposed in the reorganization plan of the President.

If authorized by the Congress and put into operation, special revenue sharing should increase cooperation between the Departments of Agriculture and Housing and Urban Development and preserve both the spirit and intent of the present memorandum of understanding. Additional funds will be made available, which state and local officials may use at their descretion to improve regional planning.

In addition, as an increasing number of states turn to multi-county organizations to improve planning, public administration and development activities in rural areas, the Department of Agriculture, it is expected, will increase its participation in these programs. The Department has indicated to the Agricultural Appropriations Subcommittees of the House and Senate that it plans to devote additional resources to supporting rural planning districts in Fiscal Year 1972. The response of these Committees, and of the Congress in general, to this request will be of considerable importance in determining the amount of emphasis this activity receives.

MEMORANDUM OF UNDERSTANDING BETWEEN THE DEPARTMENTS OF AGRICULTURE AND HOUSING AND URBAN DEVELOPMENT IN ASSISTANCE FURNISHED TO DISTRICT PLANNING AGENCIES

STATEMENT OF INTENT

The purpose of this memorandum is to assure effective implementation of the provisions of Section 601 of Title VI of the Housing and Urban Development Act of 1968 (40 U.S.C. 461) pertaining to the establishment and funding of comprehensive planning programs for districts as defined in the Act. Comprehensive planning as authorized in the Act includes a wide variety of services, technical aids and activities that can assist local public and private institutions in the district area and contribute to economic development and the provision of essential community needs, such as housing, transportation systems and community water and waste disposal facilities. A district is defined in the Act as all or part of the area of jurisdiction of one or more counties and one or more other units of general local government, but does not include any portion of a metropolitan area.

It is recognized that a principal objective of Congress in the Act was to assist State and local governments in solving planning problems that result from the lack of coordinated development of resources and services in rural areas and to facilitate comprehensive planning for rural development.

The signatory Departments further recognize that district planning agencies can provide technical, planning and development services on a continuing basis for small municipalities and counties in rural areas that would not otherwise have the resources to obtain such services. The signatory Departments also recognize that the availability of planning, technical and other services provided by an adequately staffed agency under the direction of local officials and citizen leaders is essential to the organization and effective operation of an areawide planning and development program.

PRESENT STATUS OF FUNDING

The Department of Housing and Urban Development in FY 1969 began making grants for planning districts (including Economic Development Districts). Grants were made in the amount of $977,732 to a total of 35 districts in 17 States. In FY 1970 the signatory Departments have further extended their commitment to supporting district planning agencies. As a direct result of this commitment, an estimated 70 districts will be assisted with total grants of approximately $1.9 million. The number of districts to be funded in FY 1970 represents a 100 percent increase over the FY 1969 level. This increase will be accomplished largely because of the signatory Departments' commitment to the concept of district planning and development and encouragement given the States to utilize the district approach to planning and development in rural areas.

FORWARD PROGRAMMING

The Department of Housing and Urban Development budget request for FY 1971 includes $3.0 million for funding of district planning programs, including those for Economic Development Districts. It is anticipated that about 125 district programs will receive funding at this level. In addition, the signatory Departments hereby commit themselves to encouraging States to assist district planning agencies in gaining effective use of additional monies through contractual arrangements with the localties and counties included therein. Under such arrangements, funds available for comprehensive planning in small municipalities and counties would be made available to district agencies to perform planning services. It is the objective of the two Departments to thereby increase by approximately 100 percent amounts proposed in the FY

1971 budget for support of district planning and development agencies (from $3.0 million budgeted amount to approximately $7.0 million effective funding of district agencies, including local planning contract services.)

ADMINISTRATIVE DEVICES FOR IMPLEMENTATION

The Act directs the Secretary of Housing and Urban Development to consult with the Secretary of Agriculture prior to the former's approval of any planning grants for districts. In addition, the statute authorizes the Secretary of Agriculture to provide technical assistance in connection with the establishment of districts and the carrying out of planning by such districts. Secretary of Agriculture's Memorandum No. 1667, November 7, 1969, directs the establishment in each State of Rural Development Committees to include representatives of the Forest Service, Soil Conservation Service, Farmers Home Administration, Rural Electrification Administration, and State Cooperative Extension Service. These Committees have as a principal function support for and coordination with comprehensive planning and development efforts of State and local agencies, organizations and citizen leaders.

The signatory Departments agree that State Rural Development Committees will serve as the vehicle for coordinating such assistance as the Department of Agriculture and its related State agencies may provide in connection with establishment and support of planning districts and the carrying out of planning programs by district agencies. Rural Development Committees also will provide the principal means for Department of Agriculture consultation in connection with approval of and financial assistance for districts. To enable State Rural Development Committees to effectively carry out these responsibilities, representatives of State agencies responsible for or assisting in the designation and operation of district planning agency programs will be invited to participate in the work of the Committees and their subcommittees, as appropriate.

The signatory Departments further agree to establishing a working committee on planning district assistance and support to implement policies and programs set forth herein and resolve any operational issues or problems that may arise.

S Richard C. Van Dusen,
For the Department of Housing and Urban Development,
June 30, 1970.

S Clifford M. Hardin
For the Department of Agriculture,
May 18, 1970.

Will the Department continue to provide technical assistance to multi-jurisdictional district planning and development boards under the rural revenue sharing proposal should it be adopted as is provided under Section 701 of the Housing and Urban Development Act of 1968? What form would such technical assistance take? Would it occur prior to or after the Governor had submitted the annual State plan?

Secretary HARDIN. For the answer to the first part of the previous question.

The contribution of the Department of Agriculture to the programs of district agencies has been principally in the form of technical and administrative assistance of Department field staffs in the geographic areas served by these agencies: *Soil Conservation Service* personnel supply regional planners with data and interpretation on the suitability of soils for building and on water resources, critical erosion areas, conservation and other environmental factors. In many states, *Cooperation Extension Services* have assigned community resources agents to work with regional agencies. These agents serve as a vital link between the regional agency and local groups and community leaders. Through its sewer and water planning grant programs, *Farmers Home Administration* has assisted 72 regional agencies with grants for comprehensive sewer and water planning in rural areas. State forestry departments, in collaboration with the *U. S. Forest Service*, are also active in the programs of those regional agencies where forest conservation, and development and forest industries are an important factor. The *Economic Research Service* has set up a procedure for obtaining and analyzing data on State and local actions to strengthen planning and development on an area-wide basis.

The assistance of Departmental field personnel, as here summarized, is provided on a continuing basis and is useful both in the development and implementation of regional plans. It is expected that the Department will work out procedures for providing continuing technical assistance to the state planning agency and others responsible for the development of the annual state plan under the rural revenue sharing proposal. At present in most states similar procedures are in effect which enable Department agencies on Rural Development Committees to keep informed of state and district planning and to contribute resources and technical assistance, as appropriate.

Will the Departments of Agriculture and Housing and Urban Development make suggestions to district planning board to improve their plans after you have reviewed the resulting State plans? What form will these suggestions take?

Secretary Hardin. Suggestions are not required by the proposed bill; nor does the bill require the State plan to include individual district plans. Revenue sharing is designed to provide local people more voice in spending decisions and a Federal staff to write suggestions is not contemplated. Nevertheless, both USDA and HUD, upon request or otherwise, may occasionally provide suggestions on district plans as they presently do now in certain instances. The form will depend upon the situation and may be formal or informal, written or verbal, etc.

Under the new proposal, will the Secretary of Agriculture be authorized to continue to give technical assistance to multi-county and multi-jurisdictional rural district planning agencies as is now done under provisions of Section 701 of the Housing and Urban Development Act, as amended in 1968? How will this technical assistance by the Secretary of Agriculture be funded? Which agencies of the Department will participate?

Secretary Hardin. This has been partially answered under previous questions. To summarize, the rural revenue sharing proposal calls for state and substate district planning and for the Secretary of Agriculture to review plans submitted by the governors.

The Department at present cooperates with state and local officials on request in the organization and implementation of rural district planning programs. However, such cooperation does not rest exclusively on provisions of Section 701 of the Housing and Urban Development Act, as amended, but is considered a regular and appropriate rural development function of the Department. As indicated in the answer to question 35, the Department has proposed increased emphasis on assistance for rural multi-jurisdictional districts. If Congressional approval is forthcoming and, in addition, if states and localities increasingly call upon Departmental agencies to provide services and technical assistance in district programs, it can be expected that an increasing amount of the resources of the Department will be devoted to these programs. Rural planning districts not only offer new possibilities for organizing and promoting rural development but also new opportunities for Departmental field agencies to be of service to rural communities.

Although the provisions of Section 701 of the Housing and Urban Development Act, as amended, spelled out some clear responsibilities for participating with HUD in encouraging and supporting nonmetropolitan district planning programs funded by the latter, this authority simply reinforced what the Department considers to be a part of its long-range mission.

To what extent will the new multi-jurisdictional planning and development districts be able to influence location in rural areas of Federal defense and research and development installations and procurement contracts? Will the new unit in your office provide technical assistance in this matter?

Secretary Hardin. The duties and authorities of the new multi-jurisdictional planning and development districts shall be determined by the Governor and this will be what determines the extent to which they can influence defense contracts, etc. Yes, the proposed new office could provide a limited amount of technical assistance. The duties of the proposed Rural Development Service are given in the attached Secretary's Memorandum No. 1730.

U. S. DEPARTMENT OF AGRICULTURE,

SECRETARY'S MEMORANDUM No. 1730

May 13, 1971.

PROPOSED ESTABLISHMENT OF A RURAL DEVELOPMENT SERVICE

1. *Purpose.*—Legislation proposed by the President and now pending before the Congress would establish a revenue sharing program for rural development. The proposed legislation is designed to give citizens of States and local communities more effective tools and greater financial resources for dealing with rural community development problems than in the past. The needs, problems, conditions, and opportunities for promoting economic and social development of rural areas are matters that are of special concern to, and within the particular competence of, those who live in the communities affected.

In addition, there is a growing need for more effective overall coordination and planning of the programs of USDA and other Departments and Agencies of the Federal Government that can be brought to bear on the problems of rural America.

2. *Functions assigned.*—In order to improve the effectiveness of the Government's efforts to assist in meeting the needs of rural communities, I propose to establish a new Agency in the Department of Agriculture, to be known as the Rural Development Service. The Rural Development Service will report to the Secretary's Office.

There will be transferred to the Rural Development Service the functions now performed by the Deputy Under Secretary for Rural Development. In addition, upon enactment of the legislation, the Service will be assigned all the functions under the proposed rural community development revenue sharing program, with the exception of audit functions which will be assigned to the Office of the Inspector General.

3. *Management support activities.*—Support activities such as accounting, budget, personnel, and other administrative services which are required by the new agency will be provided by the Office of Management Services.

4. *Incidental transfers.*—The Assistant Secretary for Administration will approve such transfers of funds, records, property, space, and personnel as are involved in the organizational assignment when it becomes effective.

5. *Public notice.*—In accordance with Reorganization Plan No. 2 of 1953, the Department is giving advance public notice of delegations of functions proposed to be made and will afford interested persons opportunity to place before the Department their views with respect thereto. In order to be considered, comments must be received by June 30, 1971.

CLIFFORD M. HARDIN,
Secretary of Agriculture.

Will the District and State plans submitted, in connection with rural revenue sharing, to the Secretaries of Agriculture and Housing and Urban Development set forth a comprehensive projection of all private and public efforts for rural community development or will the plan submitted only list and describe the projects on which rural revenue sharing funds will be expanded?

Secretary HARDIN. The State plans for rural revenue sharing will be submitted to the Secretary of Agriculture. Although the plan may include a broad range of activities, the proposed bill only requires that it be a "plan for the expenditure of funds to which a State is entitled."

Please provide for the Hearing Record the list of Section 701 grants and their amounts that have been made to multi-jurisdictional district planning boards in rural areas.

Secretary HARDIN. This list was included in the first annual report to Congress required by Title I– of the Agricultural Development Act of 1970, which was submitted November 30, 1970. A copy of the list is attached. The second annual report on this activity will be submitted to Congress around September 1, 1971, and will include a revised list with districts funded in Fiscal Year 1971 added.

The requested material is as follows:

PROGRESS REPORT ON ASSISTANCE TO NONMETROPOLITAN DISTRICTS

ATTACHMENT 2: FUNDING OF NONMETROPOLITAN DISTRICTS BY DISTRICT AND STATE, NOVEMBER 1970

Explanatory Notes: The following abbreviations are used in this attachment.

NMD—Nonmetropolitan Districts, as defined in Section 701 (1) (3) of the Housing Act of 1954, as amended.

EDD—Economic Development Districts, designated by the Secretary of Commerce under Title IV of the Public Works and Economic Development Act of 1965 that are principally nonmetropolitan in character and have been funded by HUD for comprehensive planning assistance.

LDD—Local Development Districts, established under the Appalachian Regional Development Act of 1965 that are principally nonmetropolitan in character and have been funded by HUD for comprehensive planning assistance.

The word "undetermined" is used to indicate that funds have been made available to a State for comprehensive planning assistance for nonmetropolitan districts in that State but have not yet been transferred to the district agency.

PROGRESS REPORT ON ASSISTANCE TO NONMETROPOLITAN DISTRICTS, ATTACHMENT 2: STATE PROGRAMS

Name	Jurisdiction by county	701 Funding		Type of district
		Fiscal year 1969	Fiscal year 1970	
ALABAMA				
Muscle Shoals Council of Government	Lauderdale, Colbert, Franklin, Winston, Marion	$54,000	$45,000	LDD
North Central Alabama Regional Planning Commission	Morgan, Lawrence, Cullman	48,000	71,600	LDD
Tombigbee Rivers Regional Planning and Development Commission	Perry, Marengo, Dallas, Choctaw, Wilcox, Washington, Monroe, Conecuh, Clarke	27,210	54,680	NMD
Lee County Council of Government	Lee	15,200	34,000	NMD
Subtotal		144,400	205,280	
Total			349,680	
ARKANSAS				
Central Arkansas Economic Development District	Faulkner, Saline, Pulaski, Lonoke, Prairie, Monroe.		$11,690	NMD
West Central Arkansas Economic Development District	Johnson, Pope, Conway, Yell, Perry, Montgomery, Garland, Pike, Clark, Hot Spring.		11,690	EDD
Western Arkansas Planning and Development District	Crawford, Franklin, Sebastian, Logan, Scott, Polk.		11,690	EDD
Southwest Arkansas Planning and Development District	Sevier, Howard, Little River, Hempstead, Nevada, Ouachita, Dallas, Calhoun, Miller, Lafayette, Columbia, Union.		11,690	EDD
Southeast Arkansas Economic Development District	Grant, Jefferson, Arkansas, Cleveland, Lincoln, Desha, Bradley, Drew, Chicot, Ashley.		11,690	EDD
East Arkansas Planning and Development District	Randolph, Clay, Lawrence, Greene, Craighead, Mississippi, Poinsett, Cross, Crittenden, St Francis, Lee, Phillips.		11,690	EDD
White River Planning and Development District	Fulton, Izard, Sharp, Stone, Independence, Jackson, Van Buren, Cleburne, White, Woodruff.		11,690	EDD
Northwest Arkansas Economic Development District	Benton, Washington, Madison, Carroll, Boone, Newton, Marion.		11,690	EDD
(Undetermined)			32,054	
Total			125,574	
CALIFORNIA				
Butte County Association of Governments	Butte		$36,000	NMD
Merced County Association of Governments	Merced		18,000	NMD
Tota			54,000	

PROGRESS REPORT ON ASSISTANCE TO NONMETROPOLITAN DISTRICTS, ATTACHMENT 2: STATE PROGRAMS—Con.

Name	Jurisdiction by county	701 Funding		Type of district
		Fiscal year 1969	Fiscal year 1970	
COLORADO				
(Undetermined)			$31,702	
CONNECTICUT				
Litchfield Hills Regional Planning Agency	Litchfield (part)	$15,000	$25,000	NMD
Valley Regional Planning Agency	Fairfield, New Haven	34,000	30,000	NMD
Mid-State Regional Planning Agency	Middlesex (part)	30,000	30,000	NMD
Windham Regional Planning Agency	Windham (part), Tolland, New London (part)	28,000	30,000	NMD
Northeastern Regional Planning Agency	Windham (part)	25,000	25,000	NMD
Connecticut River Estuary Regional Planning Agency	Middlesex (part), New London (part)	25,000	25,000	NMD
Subtotal		167,000	165,000	
Total			332,000	
FLORIDA				
Bay County Planning Council	Bay	$17,645	$20,117	NMD
North Central Florida Regional Planning Commission.	Alachua		17,636	NMD
Subtotal		17,645	37,753	
Total			55,398	
GEORGIA				
Altamaha Area Planning and Development Commission.	Appling, Jeff Davis, Tattnall, Toombs, Wayne.		$19,945	NMD
Central Savannah River Area Planning and Development Commission.	Burke, Columbia, Emanuel, Glascock, Jefferson, Jenkins, Lincoln, McDuffie, Richmond, Screven, Taliaferro, Warren, Wilkes.		40,530	EDD
Coastal Plains Area Planning and Development Commission.	Berrien, Brooks, Cook, Echols, Irwin, Lanier, Lowndes, Tift, Turner.		7,615	EDD
Georgia Mountains Area Planning and Development Commission.	Banks, Dawson, Forsyth, Franklin, Habersham, Hall, Lumpkin, Rabun, Stephens, Towns, Union, White.		34,000	EDD
Heart of Georgia Area Planning and Development Commission.	Bleckley, Dodge, Laurens, Mongomery, Pulaski, Telfair, Treutlen, Wheeler, Wilcox.		21,718	EDD
Middle Flint Area Planning and Development Commission.	Crisp, Dooly, Macow, Marion, Schley, Sumter, Taylor, Webster.		42,585	EDD
Middle Georgia Area Planning and Development Commission.	Bibb Crawford Houston Jones Monroe Peach Twiggs.		42,027	NMD
Northeast Georgia Area Planning and Development Commission.	Barrow, Clarke, Greene, Jackson, Madison, Morgan, Newton, Oconee, Oglethorpe, Walton, Elbert.		23,340	NMD
Slash Pine Area Planning and Development Commission.	Atkinson, Bacon, Ben Hill, Brantley, Charlton, Clinch, Coffee, Pierce, Ware.		60,680	EDD
Southwest Georgia Area Planning and Development Commission.	Baker Clahoun Colquitt, Decatur, Dougherty, Grady, Lee, Miller, Mitchell, Seminole, Terrell, Thomas, Worth.		38,088	EDD
Total			330,528	
IDAHO				
(Undetermined)			$20,000	

PROGRESS REPORT ON ASSISTANCE TO NONMETROPOLITAN DISTRICTS, ATTACHMENT 2: STATE PROGRAMS—Con.

Name	Jurisdiction by county	701 Funding Fiscal year 1969	701 Funding Fiscal year 1970	Type of district
	ILLINOIS			
Greater Egypt Regional Planning Commission	Jefferson Perry Franklin Jackson Williamson.	$28,500	$48,200	EDD
W-E-W Regional Planning Commission	White Edwards Wabash	18,067		NMD
Southeast Illinois Regional Planning Commission.	Hamilton Saline Gallatini Pope Hardin.			
Delta Regional Planning Commission mission.	Alexander Pulaski Hardin.	4,000		NMD
Delta Regional Planning Commission	Alexander Pulaski	4,000		NMD
Subtotal		32,500	84,267	
Total			116,767	
	KENTUCKY			
Buffalo Trace Area Development District	Bracken, Robertson, Masoh, Fleming, Lewis.		$17,000	LDD
Kentucky River Area Development District	Wolfe, Lee, Owsley, Breathitt, Knott, Perry, Letcher, Leslie.		18,000	LDD
Cumberland Valley Area Development District	Rockcastle, Jackson, Laurel, Clay, Knox, Whitley, Bell, Harlan.		10,900	LDD
Total			45,900	
	MAINE			
Bath-Brunswick Regional Planning Commission.	Sagadahoe (part) Cumberland (part)	$13,200	$27,500	NMD
North Kennebec Regional Planning Commission.	Kennebec (part)	20,000	20,000	NMD
Northern Maine Regional Planning Commission.	Aroostook, Penobscot (part)		20,000	EDD
Penobscot Valley Regional Planning Commission.	Penobscot		20,000	ED D
Southern Kennebec Regional Planning Commission.	Kennebec (part)	25,000	27,500	N(D
York County Regional Planning Commission	York	25,000	27,500	NMD
Subtotal		83,200	142,500	
Total			225,700	
	MARYLAND			
Tri-County	Charles, Calvert, St. Marys		$70,000	NMD
	MASSACHUSETTS			
Cape Cod Planning and Economic Development Commission.	Barnstable	$35,000	$30,000	NMD
Franklin County Planning Commission	Franklin	20,000	20,000	NMD
Dukes County Planning Commission	Dukes	20,000	20,000	NMD
Subtotal		75,000	70,000	
Total			145,000	

PROGRESS REPORT ON ASSISTANCE TO NONMETROPOLITAN DISTRICTS, ATTACHMENT 2: STATE PROGRAMS—Con.

Name	Jurisdiction by county	701 Funding		Type of district
		Fiscal year 1969	Fiscal year 1970	
MICHIGAN				
Northwest Michigan Regional Planning Commission.	Emmet, Charlevoix, Antrim, Kalkaska, Missaukee, Grand Traverse, Wexford, Leelanau, Benzie, Manistee.	$33,000	$22,000	EDD
Northeast Michigan Regional Planning Commission.	Cheboygan, Otsego, Crawford, Presque Isle, Montmorency, Oscoda, Alpena, Alcona.		18,000	EDD
Eastern Upper Penninsula Regional Planning Commission.	Luce, Chippewa, Mackinac		15,000	EDD
Central Upper Penninsula Regional Planning Commission.	Marquette, Dickinson, Menominee, Delta, Alger, Schoolcraft.		15,000	EDD
Subtotal		33,000	70,000	
Total			103,000	
MISSISSIPPI				
South Mississippi Economic District	Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone, Wayne.		$19,406	EDD
Southwest Mississippi Development District	Adams, Amite, Claiborne, Franklin, Jefferson, Lawrence, Lincoln, Pike, Walthall, Wilkinson.		19,398	EDD
South Delta Economic Development District	Bolivar, Humphreys, Issaquena, Sharkey, Sunflower, Washington.		11,628	EDD
Total			50,432	
MISSOURI				
Ozark Gateway Regional Planning Commission.	Barton, Jasper, Newton, McDonald	$20,233	$22,765	NMD
Ozark Foothills Regional Planning Commission.	Reynolds, Wayne, Carter, Butler, Ripley.	10,000	12,000	EDD
Bootheel Regional Planning Commission	Pemiscot, Dunklin, Stoddard, Scott, Mississippi, New Madrid.	10,000	7,500	EDD
Boonslick Regional Planning Commission	Lincoln, Montgomery, Warren		17,000	NMD
Southeast Missouri Regional Planning Commission.	Perry, Cape Girardeau, Ste. Genevieve Bollinger, Iron, Madison, St. Francois.		5,000	NMD
Mid-Missouri Regional Planning Commission	Howard, Boone, Audrain, Callaway, Cooper, Moniteau, Cole, Osage.	5,000		NMD
Missouri Valley Regional Planning Commission.	Carroll, Saline, Chariton		5,000	NMD
Mark Twain Regional Planning Commission	Lewis, Marion, Shelby, Macon, Randolph, Monroe, Ralls, Pike.	10,000		NMD
Northeast Missouri Regional Planning Commission.	Schuyler, Scotland, Clark, Adair, Knox		17,000	NMD
Greenhills Regional Planning Commission	Harrison, Mercer, Putnam, Sullivan, Grundy, Daviess, Caldwell, Livingston, Linn.		20,000	NMD
Northwest Missouri Regional Planning Commission.	Atchison, Holt, Nodaway, Worth, Gentry.		8,000	NMD
Kaysinger Basin Regional Planning Commission	Bates, Henry, Benton, St. Clair, Hickory, Cedar, Vernon.	5,000		NMD
Lake of the Ozarks Regional Planning Commission.	Morgan, Miller, Pulaski, Laclede, Canden.	2,800		NMD
Meramec Regional Planning Commission	Gasconade, Maries, Phelps, Dent, Crawford, Washington.		5,000	NMD
Show Me Regional Planning Commission	Lafayette, Johnson, Pettis	25,000	3,200	NMD
(Undetermined)			5,000	
Subtotal		88,033	127,465	
Total			215,498	

PROGRESS REPORT ON ASSISTANCE TO NONMETROPOLITAN DISTRICTS, ATTACHMENT 2: STATE PROGRAMS—Con.

Name	Jurisdiction by county	701 Funding		Type of district
		Fiscal year 1969	Fiscal year 1970	
NEBRASKA				
Southeast Nebraska Planning Commission	Nemaha, Pawnee, Richardson, Johnson.	....	22,000	NMD
NEW HAMPSHIRE				
Southeast Regional Planning Commission	Rockingham (part)		$3,000	NMD
Central Regional Planning Commission	Merrimack (part)		3,000	NMD
Strafford Regional Planning Commission	Strafford (part)		3,000	NMD
Salem Regional Planning Commission	Rockingham (part)		7,000	
Total			16,000	
NEW MEXICO				
North Central New Mexico Economic Development District.	Rio Arriba, Taos, Colfax, Mora, Los Alamos, Santa Fe, San Miguel.	....	$8,650	EDD
Dona Ana County	Dona Ana		11,500	NMD
Total			20,150	
NEW YORK				
Lake Champlain-Lake George Regional Planning Commission.	Washington, Warren, Hamilton, Essex, Clinton.	$40,000	$40,000	EDD
Total			80,000	
NEVADA				
Central Nevada Development Authority	Churchill, Lander, Eureka, Nye, Esmeralda.	$20,000	$20,000	NMD
Total			40,000	
NORTH CAROLINA				
Western Piedmont Council of Government	Alexander, Burke, Caldwell, Catawba		$15,000	NMD
Region "K" Council of Government	Franklin, Granville, Person, Vance, Warren.	....	90,000	NMD
Neuse River Regional Planning and Development Council.	Wayne, Greene, Lenoir, Craven, Jones, Duplin, Onslow, Carteret, Pamlico.	....	15,000	EDD
Mid-East Economic Development Commission	Beaufort, Bertie, Hartford, Martin, Pitt.	....	15,000	EDD
Total			135,000	
OKLAHOMA				
Southern Oklahoma Development District	Atoka, Bryan, Carter, Coal, Garvin, Johnston, Love, Marshall, Murray, Pontotoc.	....	$26,000	EDD
OREGON				
State Administrative District No. 4	Linn, Benton, Lincoln	$16,000	$30,300	NMD
State Administrative District No. 7	Coos, Curry		25,800	NMD
State Administrative District No. 9	Hood River, Wasco, Sherman		31,133	NMD
State Administrative District No. 12	Gilliam, Morrow, Umatilla, Wheeler, Grant.	....	13,014	NMD
Subtotal		16,000	100,247	
Total			116,247	

PROGRESS REPORT ON ASSISTANCE TO NONMETROPOLITAN DISTRICTS, ATTACHMENT 2: STATE PROGRAMS—Con.

Name	Jurisdiction by county	701 Funding: Fiscal year 1969	701 Funding: Fiscal year 1970	Type of district
PENNSYLVANIA				
Northern Tier Regional Planning and Development Commission.	Tioga, Sullivan, Wyoming, Bradford, Susquehanna.		$50,194	NMD
SOUTH CAROLINA				
Upper Savannah Development District	Abbeville, Edgefield, Greenwood, Laurens, McCormick, Saluda.	$9,000	$11,250	EDD
Central Piedmont Regional Planning Commission.	Chester, Lancaster, Union, York		6,000	NMD
Lower Savannah Regional Planning and Development Commission.	Aiken, Allendale, Barnwell, Bamburg, Calhoun, Orangeburg.	9,000	11,250	EDD
Santee-Wateree Regional Planning Commission.	Clarendon, Kershaw, Lee, Sumter		6,000	NMD
Peedee Development and Planning Commission.	Chesterfield, Darlington, Dillon, Florence, Marion, Marlboro.		6,750	EDD
Waccamaw Regional Planning Commission	Georgetown, Horry, Williamsburg	5,333	6,000	NMD
Lowcountry Regional Planning Commission	Beaufort, Colleton, Hampton, Jasper		6,000	NMD
Subtotal		23,333	53,250	
Total			76,583	
TENNESSEE				
First Tennessee-Virginia Development District.	Hancock, Hawkins, Sel ivan, Carter, Johnson Unicoi Washington, Greene, Washington (Va.).	$32,900	$28,300	EDD
Upper Cumberland Development District	Macon, Clay, Pickett, Fentress, Overton, Jackson, Smith, Putnam, Cumberland, White, De Kalb, Cannon, Warren Van Buren.		36,000	EDD
Subtotal		32,900	64,300	
Total			97,200	
TEXAS				
Deep East Texas Development Council	Shelby, Nacogdoches, San Augustine, Sabine, Houston, Angleina, Trinity, Polk, Tyler, Jasper, Newton, San Jacinto, Hardin.		$12,000	EDD
Central Texas Council of Government	Mills, Lampasas, Bell, Coryell, Hamilton.		12,000	NMD
Bra.os Valley Development Council	Leon, Madison, Grimes, Washington, Robertson, Brazos, Burleson.		12,000	EDD
Middle Rio Grande Development Council	Val Verde, Edwards, Real, Kinney, Uvalde, Maverick, Zavala, Dimait, La Salle.		12,000	EDD
Golden Crescent Council of Government	Lavaca, DeWitt, Jackson, Victoria, Goliad.		30,160	NMD
UTAH				
Six County Planning Organization	Juab, Sanpete Sevier, Piute, Wayne, Millard.		$22,000	EDD

PROGRESS REPORT ON ASSISTANCE TO NONMETROPOLITAN DISTRICTS, ATTACHMENT 2: STATE PROGRAMS—Con.

Name	Jurisdiction by county	701 Funding		Type of district
		Fiscal year 1969	Fiscal year 1970	
VERMONT				
Winham Regional Planning Commission	Windham (part), Windsor (part)	$10,000	$10,800	NMD
Franklin Regional Planning Commission	Franklin	9,000		EDD
Mad River Valley Regional Planning Commission.	Washington (part)	2,400	3,400	NMD
Chittenden Regional Planning Commission	Chittendon	39,066	11,000	NMD
Rutland Regional Planning Commission	Rutland (part)	3,629	4,370	NMD
Bennington Regional Planning Commission	Benington (part)		4,800	NMD
Addison Regional Planning Commission	Addison (part)	6,400	7,500	NMD
Central Vermont Regional Planning Commission.	Washington (part), Orange (part)	760		NMD
Southern Windsor Regional Planning Commission.	Windsor (part)	24,100	8,400	NMD
Two Rivers Regional Planning Commission	Orange (part), Addison (part)	34,000	13,500	NMD
Ottauquechee Valley Regional Planning Commission.	Windsor (part)	49,403	14,185	NMD
Laroille Regional Planning Commission	Laroille	14,000	9,000	EDD
Northeast Regional Planning Commission	Calaionia (part), Essex (part), Orleans (part).	11,800	3,000	EDD
Upper Valley Regional Planning Commission	Windsor (part), Orange (part)		30,000	NMD
Subtotal		204,195	119,955	
Total			324,150	
VIRGINIA				
Lenowisco Planning District Commission	Lee, Scott, Wise, City of Norton		$40,000	EDD
Cumberland Plateau Planning District Commission	Dickenson, Buchanan, Russell, Tazewell.		26,000	EDD
Total			66,000	
WASHINGTON				
District No. 2 (South Coast)	Grays Harbor Pacific		$10,000	NMD
District No. 5 (South Puget Sound)	Mason Thurston Lewis	$47,570	15,000	NMD
District No. 6 (Lower Columbia)	Wahkiakum Cowlitz Skamania Klickitat Clark.	17,500	10,000	NMD
District No. 8 (Yakima Valley)	Yakima Kittitas	33,506		NMD
District No. 11 (Northeast)	Ferry Stevens Pend Oreille	5,752		NMD
District No. 13 (Southeast)	Whitman Walla Walla Columbia Garfield Asotin.	27,220	15,000	NMD
Subtotal		131,548	50,000	
Total			181,548	
WISCONSIN				
Northeast Wisconsin Regional Planning Commission.	Forest Langlade Menominee Waupaca Sahwano Outagamic Waushara Winnebago.	$63,200	$70,000	NMD
Mississippi River Regional Planning Commission.	Pierce Pepin Buffalo Trempealeau La Crosse Vernon.	23,272	34,272	NMD
Northwest Regional Planning Commission	Douglas Bayfield Ashland Iron, Price.	24,850	24,850	NMD
Subtotal		111,322	129,222	
Total			240,544	
WYOMING				
Greater Cheyenne Coordinating Council			$16,000	NMD

We note that the Department has banned wheeled vehicles from Federal non-wilderness and non-primitive area lands in New Mexico. Could the State of New Mexico or, a multi-jurisdictional district planning board established under the rural sharing proposal in the area involved, overturn this decision?

Secretary HARDIN. The Department has not banned wheeled vehicles from all Federal non-wilderness and non-primitive National Forest lands in New Mexico.

This Department has banned wheeled vehicles from about 4 percent of the non-wilderness and non-primitive National Forest land in New Mexico.

The State of New Mexico or a district planning board established under the rural revenue sharing proposal could not overturn the decision to close National Forest lands to the use of motorized vehicles. This is Federal land administered under the Act of June 4, 1897, (Organic Administration Act) as amended, and the Act of June 12, 1960, (The Multiple Use-Sustained Yield Act).

Will multi-jurisdictional district planning boards be consulted before such decisions are made? Are steps being taken to inform multi-jurisdictional district planning boards of National interests in ecology and conservation considerations involved in land use and land management decisions? By what means?

Secretary HARDIN. Yes, multi-jurisdictional planning boards would be consulted, when they become established, before decisions are made which would affect their areas of jurisdiction.

In administering the National Forests, the Forest Service objectives include public involvement in forestry policy and program formulation.

Policies to accomplish this objective include:

> Seek out and obtain local and national views in the process of policy and program formulation.
>
> Discharge Forest Service responsibilities in ways that make our management processes visible and our responsible people accessible.
>
> Consult with and seek cooperative action with Agencies at all levels of Government, and with private groups and individuals, in programs for resource management and economic development.

The development and use plans of public lands administered by Forest Service, Park Service, Bureau of Land Management, and the Department of Defense have a very significant impact upon the nature, viability, and scope of plans made by multi-jurisdictional district planning bodies. What arrangements have been made, or will be made, if rural revenue sharing is enacted, to subject the planning of these public land managing agencies to control by the District planning boards that would be established in connection with the rural revenue sharing proposal? What provisions have been made to establish a two-way flow of information. A procedure for detailed joint development of objectives for local development consistent with national goals and standards?

Secretary HARDIN. As pointed out in the answer to question 151, the management of Federal lands under other laws will not be materially altered by the proposed bill. We recognize that the management of most of those Federal lands for which this Department is responsible—the National Forests—does have an impact upon the planning of local governmental bodies. Policies being implemented by the Forest Service are through the public involvement process as discussed in answer to question 151. Under these policies, the public and governmental Agencies are being consulted to establish two-way communication in preparation and/or revision of multiple use plans for management of National Forest resources.

Will district and state planning boards participate in decisions affecting or regulating as and electricity rates and sites and pipeline location in rural areas? Will this be coordinated by the Secretary of Agriculture or the Secretary of Housing and Urban Development, through review of state plans submitted under the rural revenue sharing programs?"

Secretary ROMNEY. The jurisdiction of existing Federal and State regulatory agencies will not be affected by the proposal, nor are Statewide plans to be "reviewed" for the purpose of enforcing coordination with the actions of regulatory authorities.

What arrangements now exist to enable multi-jurisdictional planning and development districts to benefit from the work of the U. S. Travel Service? What will be the arrangements under the revenue sharing proposals? Please give us your evaluation of the Travel Service activity as a contribution to rural community developments."

Secretary **Romney**. An appropriation of $1 million has been requested by the Department of Commerce for grants to State and local public bodies for promotional work relating to tourism. Planning and development districts are potential eligible applicants. The travel service grant program has not yet been funded and policies and regulations governing the administration of the grants have not been finally developed. Proposals for special revenue sharing will not affect the travel service grants. In addition to the grant program, the U. S. travel service will work through State liaison officers who in turn may find it advantageous to make use of the planning and development districts in the promotion of tourism in the State.

Will you as Secretary of Housing and Urban Development readjust the programs of your Department, from year to year, to bring them into compliance or coordination, in each State, with the State plan?"

Secretary **Romney**. To the extent that HUD has discretion in use or granting of funds, we would expect to rely heavily upon and be guided by the plans where they are applicable. The degree of applicability would, of course, depend upon whether, and to what extent, a statewide plan covers more than the use of the rural community development special revenue sharing funds. Under the President's proposed planning and management program—title II of S. 1618—States would be aided and encouraged, though not required, to develop statewide development plans that would integrate all major or important elements of community development, as well as designating potential growth areas and new community sites.

The National Environmental Policy Act of 1969 provides that all Agencies of the Federal Government shall make a detailed statement about environmental impacts of proposals for legislation and other major Federal actions significantly affecting the quality of the environment. Prior to making the detailed statement, the responsible Federal official shall obtain comments from appropriate Federal, State and local Agencies which are authorised to develop and enforce environmental standards. This Department is complying with these statutory requirements.

Will the Governors' State development plan be expected to cover state expenditures on the important food and nutrition programs of the Department, particularly for the rural poor? Stamp plan? Commodity distribution? School lunch? Special school milk? Extension Nutrition aids in rural areas? In urban areas?

Secretary **Hardin**. The State development plan need only cover the activities which are funded by revenue sharing. To the extent revenue sharing funds are used for these purposes, they would be covered in the plan.

What will be the future status of plans that have already been developed for the development of water and sewer systems in rural areas that were financed under Section 306(a)(6) of the Consolidated Farmers Home Administration Act of 1961?

Secretary **Hardin**. It will be up to each state to decide the future status of such plans. Some plans were accomplished on a state basis. Others by regional commissions established by the Governor and still other cases, have been done on a county basis. Although it will not be required that a state adopt use of these plans, it would seem good business that state, regional and area planning commissions would use these as a basis for current and future planning. We expect to encourage this approach.

Is highway safety considered to be a rural community development activity? Will plans for developmental highways, access roads, highway beautification, highway location and highway safety be included in State plans in connection with urban or with rural revenue sharing?

Secretary **Romney**. Highway safety and highway development are considered to be within the scope of rural development. However, the principal mechanism for transportation planning is the planning system required by the President's transportation revenue sharing proposal. This proposal calls for the same kind of multijurisdictional planning boards as the rural community development special revenue sharing, thus encouraging not only close coordination but use of the same organizations for both transportation and rural development planning.

Will the plans developed by multijurisdictional planning and development boards and by States take into account the existence and the need for national recreation areas and their location in rural areas? What arrangements have *been or will be made to coordinate these two activities, both financed by U.S. Government? How will state-wide outdoor recreation plans administered by the Bureau of Outdoor Recreation be coordinated with rural revenue sharing plans?*

Secretary ROMNEY. It is anticipated that State and local officials in developing plans will take account of, and be alert to, recreation needs and opportunities as they affect rural development. Coordination of other Federal or federally assisted planning activities with these plans should be facilitated by the arrangements that have already been established.

Thus, this Department and the Bureau of Outdoor Recreation have a longstanding agreement to coordinate Open Space planning and development. Although this takes place primarily at the State level, it does take into account non-metropolitan areawide planning since the State agency is responsible for approval and supervision of the planning programs in non-metropolitan districts. I addition to this the review and comment procedures provided by OMB Circular A–95 apply to both requests for planning grants and Open Space projects.

Please provide for the Record a brief statement indicating how the making of comprehensive plans for development of water and related land resources has been coordinated with the work of such multijurisdictional district boards as have already been established.

Secretary HARDIN. In some states, the comprehensive planning has been done my multijurisdictional districts. In other states, the planning has been done on a county basis and is used by the multijurisdictional district. In those cases where the planning has been done on a county basis, we have encouraged the multijurisdictional district to use the county plans as a foundation for future planning.

What is the relationship between the rural revenue sharing State plans and the statewide law enforcement comprehensive plans, insofar as each affects local and county governments in rural areas?

Deputy Attorney General RICHARD G. KLEINDIENST. The present practice of the Law Enforcement Assistance Administration is to require that statewide comprehensive law enforcement plans include a description of law enforcement projects funded under other development programs. The result is that all federally funded law enforcement programs affecting county and local governments are integrated into a single planning document. It is anticipated that similar comprehensive planning will continue under the special law enforcement revenue sharing program.

Why are school districts, conservation districts, rural renewal areas established under State law ruled out of eligibility for rural renewal benefits in Section 101(2) of the proposed legislation?

Secretary HARDIN. We assume the reference to section 101(2) was intended as a reference to section 101(1)(2). Independent school districts and special districts are not ineligible for benefits under the program, but they would not participate in the administration thereof. The bill provides that such districts will not be included in the term "local government." This would have relevance to the term "local governments" as used in section 2 (relating to findings and purposes), sections 101(m) and 203 (relating to the State Development Plan and district planning boards), and section 312 (relating to the use of rural community-development funds as matching grants). The district planning board referred to sections 101(m) and 203 would not include officials from independent school districts and special districts.

To what extent will the specialized knowledge of Land Grant College landscape architects, regional planning scholars, and economists be utilized in developing district and State rural revenue sharing plans?

Secretary HARDIN. The landscape architects, planning specialists and economists at the Land Grant Universities, insofar as they are supported by research funds at the State Agricultural Experiment Stations, have the primary responsibility of carrying forward research studies. Some members of the University staff, however, are engaged in full or part time extension activities and these personnel would be available to assist in developing district and State rural revenue sharing plans. All personnel in the above fields, teachers, researchers and extension people possess a considerable fund of expertise. The extent to which these Land Grant University people are utilized will be mainly a function of the degree to which their assistance is requested.

Would it be desirable, in your opinion, to enact Title I even while the remaining titles are given greater study? Would you favor providing that multi-

jurisdictional planning district boards should have a permanent professional staff? Would it be desirable in your opinion to require a check-point procedure whereby watershed proposals, applications for water and sewer loans, airport loans and grants, and other Federal aid programs for rural development would be conditioned upon consistency with the plans developed by such district boards and their staff? Have you given any thought to how the land use and management planning activities of Federal public land-managing agencies can be coordinated with the work of such multi-county district boards in States characterized by a high proportion of Federal public lands?

Secretary Hardin. Congress should act promptly and favorably on the proposed legislation. It would not be desirable to enact only a part and delay the remainder.

We would not favor providing in the legislation that the multi-jurisdictional planning district boards have a permanent professional staff.

Some of the multi-jurisdictional districts now perform the "clearing-house" functions under Office of Management and Budget Circular A–95 which encompasses many of the functions suggested. We believe such coordination has many advantages but it is too early to tell whether this is the best approach.

We have not yet given adequate thought to the coordination of public land use work with the multi-jurisdictional districts to make any recommendations.

9. AUTHORIZED USES BY STATES, COUNTRIES, AND MUNICIPALITIES OF RURAL REVENUE SHARING FUNDS

Have you formulated any statement of criteria to determine and indicate the types of State activities which would be eligible for rural revenue sharing funds as being of "direct benefit to residents of rural areas? Please provide for the Hearing Record as complete a list, as you may have, of the kinds of activities that would so qualify.

Secretary Hardin. The basic criterion is that the funds be spent in eligible rural areas for activities or programs utilized by their residents. A list of activities that would qualify are included in Secton 101(c)(2).

What would be your reaction to a State plan, when you receive it, that proposed to use the entire annual rural revenue sharing payment for the State to make payments to local governments in rural areas for local general government purposes? Would you include your comments on an evaluation of such a proposal in your annual report to Congress?

Secretary Hardin. There is nothing in the proposed bill which would prevent such a use of funds. There would be no reason a priori to reject such a proposal. It probably would be commented upon in the annual report.

It must be stressed that one of the key principles underlying revenue sharing is that State and local people should have a greater role in decision-making and take a greater responsibility in its outcome. We may not like all their decisions but our role is not to "second guess."

Please give us your best judgment as to which of the existing functions will be reduced in level of expenditures by the States? And for what new activities do you expect that rural revenue sharing funds will be used to initiate in rural areas?

Secretary Hardin. Because such a high proportion of the initial amount of $1.1 billion in proposed rural revenue sharing funds represent funds now earmarked for a variety of other (Federal) functions, we expect States initially will reduce the level of expenditures in support of some functions. Otherwise, they would have but little freedom to initiate other activities. Only experience can determine the relative reductions among the existing functions. Howver, as this experience also reveals successful rural development programs within the States, or programs worthy of increasing Federal support, we would expect States to increase the level of expenditures devoted to existing functions served by the funds. New activities in rural communities will include a wide variety of modifications and additions to the infrastructure in support of local public services and attractions to industrial and commercial growth. These could include streets, parks, health facilities, vocational educational facilities, or structures for public purposes.

Are Indian reservations and tribal councils eligible to expend or benefit from expenditures of rural revenue sharing funds?

Secretary Hardin. There is nothing in the bill which would exclude Indian reservations and tribal councils from benefits under the program.

May a State use some of its annual rural revenue sharing payment to repair flood and hurricane damage on an emergency basis in rural areas even though such emergency were not contemplated in the original State plan submitted to the Governor for the year? Would his amendment have to be submitted prior to the expenditure and commitment of the funds, or may he submit ex post facto amendments to authenticate unexpected and unplanned expenditures? Would a similar principle apply to an unexpected but not emergency change in the State plan?

Secretary Hardin. Rural revenue sharing funds could be used for rural emergencies not contemplated.

The amendment would have to be submitted prior to the expenditure and commitment.

The same principle would apply to other unexpected changes.

Could rural revenue sharing funds be used to rehabilitate and expand existing irrigation projects built earlier by the Bureau of Reclamation? Would it be permissible to use these funds to increase surplus agricultural production?

Secretary Hardin. If the State and local governments determine that the rehabilitation or expansion of such existing irrigation projects is of sufficient priority for rural community development they may use these funds for that purpose. This could also be the case with respect to increasing production of income producing materials or services, including crops important in their rural economy—however, the legislation authorizing some Federal reclamation projects prohibits the delivery of water for a period of 10 years from the date of enactment for production on newly irrigated lands in the project area of any basic agricultural commodity as defined in the Agricultural Act of 1949, if the total supply of such commodity for the marketing year is in excess of the "normal supply" unless the Secretary of Agriculture calls for an increase in production of that commodity in the interest of national security.

May rural revenue sharing funds be used by States in financing a Statewide program of "meals-on-wheels" for senior citizens in isolated rural areas? Would such projects be enabled to draw on the Administration on Aging for supplementary funds for this purpose? Or the commodity distribution program?

Secretary Hardin. A State could use rural revenue sharing funds to finance a Statewide nonprofit program of "meals-on-wheels" for senior citizens in isolated rural areas.

Under Title III of the Older Americans Act, the Administration on Aging, HEW, does provide a "block grant" to each State agency on aging for the general support of programs or services for older persons. The State agency on aging determines how such grants shall be used. A State "meal-on-wheels" program, financed with shared revenues, could obtain supplemental financial support from such Title III funds if the State agency on aging elected to so use its grant.

Title IV of the Older Americans Act provides authority to the Administration on Aging to make grants for research and development (demonstration) projects. Grants have been made for demonstration projects to improve nutrition services, including "meals-on-wheels" programs. Within available funds, nonprofit "meals-on-wheels" organizations could make application for a demonstration grant which would provide knowledge about ways to provide services which would help other communities to deal with the problems of nutrition among older rural residents. Title IV grants are not a source of continuing assistance.

Public and nonprofit agencies and institutions operating a food service for older people are eligible to receive food commodities acquired by the Department under market stabilization programs, to the extent of the needy persons served by them. Public and nonprofit private "meals-on-wheels" programs financed by rural shared revenues would meet this eligibility criteria.

What sorts of activities ranging from promotion and education to outright subsidization do you now consider to be permissible under provisions of Secton 1016(c)(2)(B)?

It is expected that activities not limited to but similar to those now provided for under present Economic Development Administration programs and programs of the various State industrial development agencies would be undertaken.

May rural revenue sharing funds be utilized to finance the construction and operation of public works or community facilities and services that might be used for partisan political or sectarian religious purposes?

Secretary HARDIN. It s not contemplated that rural development funds would be used to build community facilities primarily for use by political or religious groups. On the other hand, if funds should be used for the construction of community facilities, such as a meeting hall or auditorium, there would appear to be no reason why the use of such community facilities should be denied to such groups.

To clarify the Record, please explain why ou omitted from your definition of "rural development" rural community development programs or activities undertaken by private individuals, private partnerships, private associations, groups and committees, cooperatives, other private corporations, municipalities and counties, public and quasi-public instrumentalities, and Federal programs. Your definition appears to say that only the efforts of a State government contributes to "rural development." Was this your intention? Please provide your statement to be added to the Record so that the apparent inconsistency between your definitions of, on the one hand, "rural development" and of, on the other hand, "rural community development programs and activities" can be dissipated.

Secretary CONNALLY. There is no inconsistency in the bill regarding the definitions. The bill does not purport to numerate all activities that contribute to rural development. Rather, it identifies the basic purposes of the legislation and defines which activities are eligible for support.

May States use revenue sharing funds to provide harbor improvements and maritime and shipping fleet subsidies for firms based in rural areas?

Secretary CONNALLY. Each State is authorized to expend moneys to which it is entitled for rural community development programs or activities which directly benefit the residents of a rural area. Provided this basic requirement is met; a State development plan is published and submitted to the Secretary; funds are properly accounted for; there is compliance with nondiscrimination, Davis-Bacon labor standards and relocation costs legislation; and there are no other laws or provisions prohibiting it; rural community development revenue sharing funds may be used by the State to match or supplement any Federal program. However, it is doubtful if harbor improvements, shipping subsidies, etc., would meet the provision requiring direct benefits to residents of rural areas.

If each Governor or State legislature chose to continue the REAP program and other of the programs incorporated in the rural revenue sharing proposal at their current level of expenditures, how much additional funds would be available to each State for new or additional rural development activities in the first year of operation? In the second year?

Secretary CONNALLY. The following explanation of Rural Community Development Revenue Sharing indicates each State's "hold harmless" baseline and its allocation in the first full year of rural revenue sharing. The difference between the baseline and he allocation represents additional funds that would be available if the State chose to maintain all existing programs at the current level. As the table indicates, the Secretary of Agriculture has available $13,533,000 indiscretionary funds to be added to State allocations.

RURAL COMMUNITY DEVELOPMENT REVENUE SHARING

[Dollars in thousands]

	Hold harmless base line	R.C.D.R.S. allocation	Available for new programs
State:			
Alabama	$30,717	$31,622	$905
Alaska	6,005	6,005	0
Arizona	4,643	8,051	3,408
Arkansas	20,033	23,654	3,621
California	27,846	28,582	736
Colorado	10,157	10,157	0
Connecticut	3,007	3,633	626
Delaware	936	1,425	489
Florida	9,103	21,625	12,522
Georgia	37,549	37,549	0
Hawaii	927	1,876	949
Idaho	4,688	8,091	3,303
Illinois	22,786	29,853	7,067
Indiana	11,366	21,834	10,468
Iowa	14,554	28,626	14,072
Kansas	12,401	20,204	7,803
Kentucky	65,577	65,577	0
Louisiana	12,419	22,720	10,301
Maine	6,987	10,682	3,695
Maryland	12,701	12,701	0
Massachusetts	6,278	6,278	0
Michigan	16,808	21,082	4,274
Minnesota	16,153	29,529	12,376
Mississippi	33,624	34,608	984
Missouri	18,788	28,560	9,772
Montana	8,767	8,985	218
Nebraska	10,557	13,300	2,643
Nevada	1,590	3,306	1,716
New Hampshire	2,389	4,574	2,185
New Jersey	8,340	13,424	5,084
New Mexico	7,404	11,275	4,871
New York	43,364	43,364	0
North Carolina	36,450	47,309	10,859
North Dakota	9,667	10,289	622
Ohio	35,659	35,659	0
Oklahoma	22,141	22,675	534
Oregon	8,395	9,981	586
Pennsylvania	46,643	46,643	0
Rhode Island	1,726	1,726	0
South Carolina	21,314	26,286	4,972
South Dakota	7,550	9,947	2,397
Tennessee	42,555	42,555	0
Texas	45,499	51,113	5,614
Utah	5,351	5,351	0
Vermont	3,044	3,700	856
Virginia	24,730	26,976	2,246
Washington	11,756	11,756	0
West Virginia	65,177	65,177	0
Wisconsin	13,455	22,637	9,182
Wyoming	3,670	5,699	2,029
Guam	9	1,314	1,305
Puerto Rico	15,000	25,872	10,872
Virgin Islands	55	1,051	996
Total allocated	908,311	1,086,467	178,156
Unallocated discretionary amounts		13,533	13,533
Total	908,311	1,100,000	191,689

Note: Totals may not be exact due to rounding.

THE WHITE HOUSE

RURAL COMMUNITY DEVELOPMENT REVENUE SHARING

HOLD HARMLESS BASE LINE

Definition

Each State's historical average share was calculated by adding together the obligations of the programs converted to Rural Community Development Special Revenue Sharing for that State during the period 1967-70 inclusive and dividing by the sum of obligations for these programs of the States during the same period.

Each State's "Hold Harmless" base line was calculated by multiplying the State's historical average times the obligations expected to be allocated to all of the States in 1971—$908,311,000. This procedure was used because in some programs the obligations to States are for specific projects rather than for support of services, and therefore, in some years certain States received large amounts of funds and in other years their funding is small. To pick any one year as a base line would penalize some States and give other States undue advantage. The averaging effect of the four-year period ameliorates any inequities.

Sources of Data

U.S. Department of Agriculture, Division of Budget and Finance
U.S. Department of Commerce, Division of Budget and Finance
Appalachian Regional Commission, Division of Budget and Finance

RURAL COMMUNITY REVENUE SHARING ALLOCATION

Formula Used

Of the amounts appropriated for any fiscal year a minimum of eighty percent shall be apportioned by the Secretary of Agriculture among the States.

One percent of the amount to be apportioned shall be divided among the States in equal proportion.

Each State shall be entitled to a portion of the remainder of the amount required to be apportioned, and that portion shall be determined as follows:

Each State shall receive an amount equal to fifty percent of the remainder multiplied by a fraction the numerator of which is the rural population of the State at the most recent point in time for which appropriate statistics are available and the denominator of which is the sum of the rural populations of all States at the same point in time;

Each State shall receive an amount equal to twenty-five percent of the remainder multiplied by a fraction the numerator of which is the average of per capita incomes of all the States at the most recent point in time for which appropriate statistics are available less the rural per capita income of the State at the same point in time, such difference to be multiplied by the rural population of the State at the same point in time, and the denominaor of which is the sum of the positive differences for each State multiplied by that State's rural population: Provided, however, that if the rural per capita income of a State is greater than the average of per capita incomes of all the States, the differences stated above shall be considered zero; and

Each State shall receive an amount equal to twenty-five percent of the remainder multiplied by a fraction the numerator of which is the percentage change in population of all the States less the percentage change in rural population of the State, such difference to be multiplied by the rural population of the State during the most recent and appropriate time period for which statisics are available, and the denominator of which is the sum of the positive differences for each State multiplied by that State's rural population: Provided, however, that if the percentage rate of change of rural population of a State during such period is greater than the percentage rate of change of the populations of all States during the same period, the differences stated above shall be considered zero.

Discretionary Allocations

An amount up to 20 percent of the fund may be allocated at the discretionary of the Secretary of Agriculture.

NOTES

All computations and determinations by the Secretary of Agriculture are final and conclusive.

This is a three-part question as follows:

1. Could rural revenue sharing funds be utilized to finance the initiation and operation of rural mass transportation systems similar to the programs with which the Department of Agriculture has cooperated with the Office of Economic Opportunity in North Carolina and Vermont?

Mr. HJORNEVIK. Under the provisions of S. 1612, the "Rural Community Development Revenue Sharing Act of 1971", rural revenue sharing funds could be utilized to finance the initiation and operation of rural mass transportation systems of the type referred to in your question. Section 101(c)(2)

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of the proposed Act defines the term "rural community development programs and activities" as including, among other things, those programs and activities which "Improve the quality and accessibility of rural community facilites and servces" and which "Establish and improve land, water, and air transportation systems and services for goods and passengers." In addition, we would point out that rural communities throughout the Nation would receive direct assistance in meeting their transportation needs under the "Transportation Revenue Sharing Act of 1971" (S. 1693), which has been proposed by the President.

2. Do you have an evaluation of the need for and results of such programs of cooperative mass transportation for the rural aged and rural poor?

Mr. HJORNEVIK. The rural transportation programs which we have funded in North Carolina and Vermont (brief descriptions attached) have not been evaluated. However, information developed in the operation of these projects is being utilized in a study of the transportation problems of the rural poor which is now being made by the Resource Management Corporation under a contract with OEO. Under this contract, the Corporation is examining the transportation needs of such persons, making an inventory of available transportation resources which might be better utilized or tied in with rural transportation systems, and designing model projects which might serve as a basis for more adequately meeting the needs of persons in rural poverty areas. The final report of the contractor is expected to be available on September 30, 1971.

3. Do you visualize a need for low cost mass transit of some kind for rural people who cannot afford to or are not able to drive cars and trucks to town?

Mr. HJORNEVIK. The isolation of rural people who are denied reasonable access to public transportation facilities is a factor which contributes significantly to their economic difficulties. The contractor's report referred to above should be helpful in assessing the efficiacy of a low cost mass transit approach to the problem.

GREEN EAGLE TRANSPORTATION COOPERATIVE

(NORTH CAROLINA)

The Green Eagle Transportation Cooperative serving Watsauga, Avery, Mitchell and Yancy Counties in North Carolina, was chartered in April 1969. An incentive grant of $6,000 from the WAMY CAA provided money for initial costs of getting on the road. This was followed in October, 1969, with an OEO grant of about $40,000, and in October, 1970, with an OEO grant of approximately $40,000; all OEO grants were made to WAMY Community Action, Inc.; Green Eagle is a delegate agency of WAMY. OEO funds are from the Regional Office. After a year and a half, membership had grown to 530 (membership is obtained by buying a $5 share of stock in the co-op); income had grown to well over $4,500 per quarter; 152 people depended on the system to get to work—92 of these had gotten jobs during the preceding 10 months because they now were able to get to them, of those 92, 67 had been on welfare roles. In addition to providing transportation to jobs, the system carries people to towns where they can get medical services, education classes, less expensive shopping opportunities; cash their SS checks; find inexpensive entertainment, etc. The cooperative also makes charter trips for Senior Citizens, Churches, Boy Scouts, etc.

The *co-op members* each have one vote in determining the fares to be charged; the routes; what vehicles are purchased and when; and also have the strongest role in recruiting new members. Only members can ride the buses; members in a specific area are well aware that operating an economically feasible route and keeping the fares down in their specific area requires that they insure a sufficient number of riders. The riders (members) have a very large role to play in this system; it is theirs, they control it and the responsibility for keeping the system running falls on each of them. Each county has a vehicle and a county chairman; each county's board has responsibility for the operation of the system in that county.

CHAMPLAIN VALLEY TRANSPORTATION CORPORATION

(VERMONT)

The Champlain Valley Transportation Corporation (CVTC) was started as a non-profit corporation in 1969 to serve Chittendon, Grande Isle, Franklin and Addison Counties of Vermont. Direct funding to date has come from OEO: approximately $436,000 for three years.

This system has 9-10 passenger buses and 3-60 passenger buses which run daily routes to pick up passengers; contract runs for Head Start, Day Care and Special Schools; charter runs for Senior Citizens, CAA groups, and other local groups as well as charter runs for "profit" to offset the limited income from the daily routes. One county has initiated a dispatch system instead of regular routes, to test whether that would be a more utilized system. The Public Service Board approved the specific daily routes and any changes must be approved by them. Since the daily routes have not proved to be as well utilized as anticipated, CVTC is attempting to develop even more contract runs to serve clients of human service agencies (e.g. manpower trainees, welfare clients). The Corporation is trying to work out an acceptable system for these agencies whose regulations are presently rather prohibitive on contracting transportation services to a third party. The Corporation also has permission from the Public Service Board to carry parcels and is doing so. CVTC has a garage component which provides maintenance/repair work on the fleet vehicles. At the same time, the garage is a training site for manpower trainees and does repair work on low-income people's cars.

The Corporation is governed by a Board of low-income representatives elected by low-income residents from the four counties served. The Board determines the routes; what direction the system will take—i.e. regular routes, dispatch system, contracts with State agencies; and assists in the selection of new staff. The Board members attend local meetings of CAA, Senior Citizens and other groups and hold hearings to remain responsive to their constituent communities.

The letter of Assistant Secretary of Labor for Manpower, Hon. Malcolm R. Lovell, Jr. answering several questions referred to his Department by Secretary Hardin follows:

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE ASSISTANT SECRETARY FOR MANPOWER,
Washington, D.C., June 21, 1971.

Honorable HUBERT H. HUMPHREY
Chairman, Rural Development and Forestry
Committee on Agriculture and Forestry
United States Senate
Washington, D.C.

DEAR MR. CHAIRMAN. On May 25, 1971, in a letter to the Secretary of Agriculture, you posed a number of questions concerning the President's proposal for Rural Community Development revenue sharing. The Department of Agriculture in turn referred five of your questions to the Department of Labor for reply. Our answers to those questions are as follows:

18. Under the Manpower Revenue Sharing Act, activities similar to the Neighborhood Youth Corps could be continued in rural areas at the discretion of the State governments. In making decisions on the use of manpower revenue sharing funds in rural areas, State governments undoubtedly would pay close attention to the desires of people in each local area for particular programs suited to their needs. It appears to us that rural revenue sharing funds also could be used for youth employment programs if the State government so chose. There would be no required State or local contribution to the cost of manpower programs.

42. Since America's population is primarily urban now, more than half the apportioned manpower revenue sharing funds would go to units of general government in urban areas of 100,000 or more population. However, each State government would receive for the balance of the State an amount not less than the manpower funds presently spent in the balance of the State. In addition, States could design manpower programs particularly suited to the needs of rural areas and would no longer have to follow categorical designs intended for undifferentiated use in both urban and rural areas. Each State would receive separate grants, in amounts determined by strict formula, for both manpower and rural revenue sharing. Expenditures against one grant would in no way affect the size of the other grant. In regard to child day care centers: As a general rule, day care for the children of trainees could be financed under manpower revenue sharing if ancillary to and supportive of the basic manpower training effort. The establishment of new centers or

the financing of free centers for the general population would not be appropriate under manpower revenue sharing, but this would appear appropriate under rural revenue sharing.

65. The Cooperative Area Manpower Planning System (CAMPS) committee include representatives of the Department of Agriculture, which would administer the rural revenue sharing program. That Department has concurred in a recent interagency directive which will result in the conversion of many rural CAMPS committees to Ancillary Manpower Planning Boards. These Boards will be established and appointed by the Governor of the State and will give him advice on the best mix of manpower programs to be placed in a particular rural area. We also note that the proposed Rural Community Development Revenue Sharing Act of 1971 would require establishment of multi-jurisdictional planning districts and planning boards within each State. These boards would be composed of elected officials from local governments within the districts. If the Administration's revenue sharing proposals are adopted, the Department of Labor will discuss with the Department of Agriculture the desirability of creating special ties between the Ancillary Manpower Planning Boards and the rural planning boards.

68. General programs for senior citizens could be carried out under rural revenue sharing, and employment-related programs for senior citizens could be carried out under either rural or manpower revenue sharing. "Green Thumb" is the name of the National Farmers Union's national project under the Operation Mainstream category. Manpower revenue sharing would supersede Title I-B of the Economic Opportunity Act, under which Operation Mainstream is funded. However, Operation Mainstream type activities could be continued wherever the State government so chose.

197. It is not clear whether a particular national program is intended by the term "work study." However, it is clear that both rural and manpower revenue sharing funds could be used for various programs to link high school education and permanent employment more closely. The procedure for expanding a work study program would depend upon the nature of the program. The Department of Labor would not be required to participate in decisions regarding the use of rural revenue sharing funds for work study programs or any other programs. Naturally, voluntary cooperation between the local administrators of manpower and rural community development funds might avoid unnecessary duplication of expenses for similar programs. We might also point out that this Administration has submitted an education revenue sharing proposal, too. Funds made available under that proposal could be a third source of support for work study type programs.

Sincerely,

MALCOLM R. LOVELL, Jr.,
Assistant Secretary for Manpower.

The definition in this proposal of rural community development programs and activities as paraphrased in the proposed legislation subcommittee in the Executive Branch includes programmed activities that are also included in other special revenue sharing proposals, such as manpower development, solution of home problems, educational facilities and methods, transportation, law enforcement, housing, health facilities and services, and model cities programs (that are also included in the urban revenue sharing message). Please clarify for the Hearing Record whether in your opinion or intention, the funds provided in these other special revenue sharing proposals could be expended in rural areas or does their inclusion in this listing in the rural revenue sharing bill preclude the financing of such activities for any funds other than those available from rural revenue sharing?

Secretary **Hardin**. The funds included in the other 5 special revenue sharing proposals can, should, and will be spent in rural areas.

Will the Secretary of Agriculture provide technical assistance to the States in their operation of programs involving expenditures of rural revenue sharing funds?

Secretary **Hardin**. It is expected that technical assistance when requested would be provided to the extent that resources were available to do so. However, it is anticipated that this would be on a very limited scale.

Do you have a cost estimate of the expenditures, Federal and State, that would be required to "solve farm, home, and community problems" as specified in the statement of purposes in Section 2 of the proposed legislation? If so, *please provide it for the Hearing Record. What proportion of rural revenue sharing funds do you expect will be utilized for this purpose?*

Secretary HARDIN. The cost estimate requested is not available.

Since rural revenue sharing funds, within the general purpose of rural development purposes will be expended at the discretion of the several States, we do not have a basis to estimate the proposition of funds spent for the purpose listed.

Do you have a cost estimate of the Federal and State expenditurs that would be required to attain the purpose specified in Section 2 of the proposed legislation: "to protect and conserve natural resources"? What proportion of this cost might we expect would be paid from rural revenue sharing funds?

Secretary HARDIN. Federal and State expenditures in support of the objectives of protecting and conserving natural resources now amount to several billion dollars annually and, in addition, an untold but large amount of private effort and expenditure is devoted to this purpose. Still, we are entirely satisfied with our degree of success in conservation, especially in relation to environmental quality, and it is not known what level of expenditures would be required to attain a completely satisfactory result. Conservation is one of several national priorities, and we have to consider these other priorities when deciding how much to spend on conservation. We expect rural revenue sharing and the accompanying increase in State and local responsibility in community development, to result in an increase in local public and private effort to protect and conserve natural resources. However, we cannot now estimate the proportion of revenue sharing funds that will be used directly for this purpose.

Could rural revenue sharing funds be used by the States to match Federal grants-in-aid for health projects, hospitals, educational programs, vocational education? Please give the Subcommittee a list of all the Federal grant-in-aid programs for which rural revenue sharing funds may be used to meet the State matching requirement.

Secretary HARDIN. This answer also applies to the other questions inquiring as to whether some specific program or project is eligible to be funded by rural community development revenue sharing. *Each State is authorized to expend moneys to which it is entitled for rural community development programs or activities which directly benefit the residents of a rural area.* Provided this basic requirement is met; a State development plan is published and submitted to the Secretary; funds are properly accounted for; there is compliance with nondiscrimination, Davis-Bacon labor standards and relocation costs legilslation; and there are no other laws or provisions prohibiting it; *rural community development revenue sharing funds may be used by the State to match or supplement any Federal program.*

(NOTE. The questions referred to are the following:)

Can rural revenue sharing funds be used to supplement private and State expenditures for journeyman and apprenticeship training in rural areas? Or must such activities be funded from Manpower revenue sharing funds?

Will it be permissible for a State to utilize rural revenue sharing funds to supplement maritime and fishing vessel subsidies to commercial fisheries in inland waters in rural areas? Off shore fleets based in rural towns?

Can rural revenue sharing funds be utilized for the State share of land purchases under the program of the Bureau of Outdoor Recreation?

Will the States be authorized to utilize rural revenue sharing payments to provide the required State matching funds for Federal formula grants to State Departments of Forestry for technical assistance to private forest land owners, loggers, and processors? Tree planting grants?

Will it be permissible for States to use rural revenue sharing funds to augment mineral exploration and discovery loans and grants of the Interior Department? To supplement or match Federal funds used in control of fires in coal deposits in rural areas? mineral research grants of Interior Department?

May rural revenue sharing payments by States be used to help capitalize State and local development companies (501 and 502 programs of Small Business Administration)? To provide a subsidy for "start-up" planning and initial capital investment, if such is required to bring about more rapid rural industrialization in a State?

Can states utilize rural revenue sharing funds to provide capital grants to recipients of economic opportunity enterprise loans of the Farmers Home

Administration under the Economic Opportunity Act? To provide continuing operating subsidies in small business enterprises established under this program?

Can the funds from rural revenue sharing be used to match Federal appropriations for State employment services and employment security activities in rural areas? To what extent? Could funds formerly allocated for forest fire fighting and Great Plains Conservation Programs be used to operate State migratory farm labor centers and travelling teachers?

Are the funds to be provided by rural revenue sharing restricted to carrying out the purposes of the programs that would be superseded or could such funds be used for entirely different purposes of benefit to rural people such as a negative state income tax?

Do you interpret section 306 of the legislation proposal to implement the rural revenue sharing proposal taken in conjunction with Section 2, as providing authority for States to make direct payments to subsidize to a sufficient extent to provide an incentive to, large nationwide corporations to local branch plants within the rural areas of the State? U.S. branches of foreign corporations?

Could rural revenue sharing funds be utilized by the State to establish advertising, merchandizing, and promotional offices in foreign countries, to encourage the exports of commodities produced in the rural areas of the State?

Could a State, in carrying out the provisions of Section 10(c)(2)(D) establish and operate (a) a statewide negative income tax program for individual and corporate residents? (b) a statewide preventative health and medical program for rural residents? (c) establish and operate an "employer of last resort" program for the aged, teenagers, and other chronically unemployed? (d) payments to private corporations in rural areas of funds required to pay their Federal corporate income tax?

Are expenditures by the State to supplement any or all of the various programs of the Bureau of Indian Affairs eligible to use rural revenue sharing funds, inasmuch as a large proportion of Indians live in rural areas? For example, could funds now appropriated for Appalachian development be used for Indian schools in Arizona or Alaska?

Can rural revenue sharing funds be used by a State, under Section 101(c) (2) (K) taken in conjunction with Section 204 of the proposed legislation to implement the rural revenue sharing proposal, to establish and operate private schools and institutions of higher education in rural areas?

Could a State utilize funds, under provisions of Section 101(c)(2)(L) taken in conjunction with Section 204 to subsidize outgoing freight rates on products originating in rural areas of the State? To reduce in-coming freight rates on consumer and produced goods to be used in the rural areas of the State?

May States utilize rural rural revenue sharing funds to supplement the capital of the rural electric borrower's new financing institution?

May rural revenue sharing funds be utilized by a State to substitute for State appropriations that are now being used to operate State industrial development commissions and departments? To what extent?

May a State which is now operating a system of State educational equalization payments to counties or school districts utilize rural revenue sharing funds to substitute for State appropriated funds now being used for such payments to rural counties or school districts?

Could a State under Section 101(c)(2) (O) use rural revenue sharing funds to supplement and expand in rural areas the Section 235 and 236 programs of housing interest rate subsidy? Programs for low and middle income families?

Could a State use some of its rural revenue sharing funds to reimburse tourists from outside the State for cost of Golden Eagle Passport charges for entry on National Parks, Forests, and Recreation Areas in rural areas as a tourist promotion activity? Urban tourists from the same State to encourage them to visit Federal lands in rural areas of the State? Would such a proposal be subject to review by Secretary of Agriculture or by Secretary of Housing and Urban Development? Would advice of Secretary of Interior be sought?

May rural revenue sharing funds be used to finance projects organized and developed by local rural communities working with VISTA volunteers? Please explain.

May rural revenue sharing funds be used to provide State matching funds for Federal Office of Economic Opportunity formula grants to provide new employment and volunteer services for low income people over 55 years of age, under the Economic Opportunity Act of 1964 as amended?

May rural funds be used to build mental retardation rehabilitation centers in rural areas, by providing the local share of Federal project grants?

What services may be provided by States from rural revenue sharing funds for programs for migrant and seasonal farm workers? Can such funds be used to match Federal grants for these purposes?

Could rural revenue sharing funds be used to make performance contracts for mathematics and reading instruction in rural schools? Would this be coordinated in some way with the similar program operated by the Office of Economic Opportunity?

Could the New England Regional Action Planning Commission, which is abolished by Section 405, be re-established under Section 307 of the legislation proposed to implement rural revenue sharing? Four Corners? Ozarks? Other regional commissions?

May rural revenue sharing funds be utilized by a State to extend and continue the operate of a demonstration or research project of the Administration on Aging that has expired?

May a State utilize rural revenue sharing funds to provide State matching funds for Hill-Burton projects.

May a State utilize rural revenue sharing funds to build and operate irrigation and dainage projects that will increase the production of price supported commodities such as milk, soybeans, and certain feed grains, that are not subject to acreage limitations or marketing quotas?

Could a State utilize rural revenue sharing funds to supplement the payments received by wheat producers through domestic wheat certificates?

Would a State be authorized to use rural revenue sharing funds for loans or grants to increase economic feasibility of inland marinas in rural areas? for State or private game reserves? game farms? shooting ranges? for special incentive payments to small woodland users to improve the quality and effectiveness of their forest management practices? to relieve private woodland owners of State and local taxes until time of harvest?

Could the funds now used in a State for payments to farmers and ranchers under the Great Plains Conservation Program be utilized to provide State or locally owned parks and open spaces for eligible small cities in rural areas?

May a State plan to use some of its rural revenue sharing funds to substitute for expenditures it is now making to expand the food stamp plan or commodity distribution program of the Department of Agriculture within rural areas? In cities of the State?

May States use some of their rural revenue sharing annual payment to reimburse the Soil Conservation Service to enable it to speed up soil survey field work and earlier publication of results and interpretations useful for rural community development and rural housing?

Is there any restriction or requirement concerned with using rural revenue sharing funds for birth control activities in rural areas? Would this be in augmentation of or substitute for, the current OEO or HEW family planning programs?

Could rural revenue sharing funds be used by the State to expand the work study program in rural areas? What would be the procedure for going about doing so? Would Labor Department be required to participate?

Could rural revenue sharing funds be used to expand college teaching and instruction and research in rural community planning and development? In Land Grant Colleges? In other public institutions? In private institutions of higher education?

Could rural revenue sharing funds be used to finance additional numbers of rural youth to attend colleges of their choice?

Could rural revenue sharing funds be used to enable needy students to make interest payments on NDEA college student loans? Indian students who accept low pay service jobs on reservations after graduation and cannot repay the principal of such loans?

May rural revenue sharing funds be used to supplement or substitute for other funds now used for civil defense activities in rural areas? Community civil defense shelters?

Could rural revenue sharing funds be used to establish and operate a complete rural fire defense program?

May rural revenue sharing funds be utilized for construction and operation of college housing in rural areas?

Could rural revenue sharing funds be utilized to establish rural solid waste disposal systems? Would such projects be subject to control by any standards established by the Department of Agriculture? By the Environmental Control Administration? If so, what restrictions would be placed upon such use of rural revenue sharing funds?

May rural revenue sharing funds be utilized to expand the scope and size of the rural libraries programs of the Department of Health, Education & Welfare? Please explain. Will there by any standards established for such expenditures; will they be enforced by the Secretary of Agriculture or by the Secretary of Health, Education, and Welfare? May rural revenue sharing funds be utilized to purchase library materials and pay personnel? Buy instructional equipment and buildings? Provide teachers salaries in private elementary and secondary schools in rural areas and cities up to 50,000? Are such expenditures subject to any standards? Who would prescribe and enforce such standards, if any?

Would the PACE program (Projects to Advance Creativity in Education) be continued under the revenue sharing proposal? Could rural revenue sharing funds be used by the local school district to match such formula grants from the Department of Health, Education, and Welfare?

Can rural revenue sharing funds be used by the States to support the State share of the agricultural marketing matching-fund program of State Departments of Agriculture? To provide the State's share of expenditures on meat and poultry inspection programs? The local sponsors' cost of providing land and rights of way required for watershed protection and flood prevention projects? For the costs of family relocation in connection with Federally-sponsored projects of various kinds? For the State matching of Federal expenditures for plant and animal disease control? For unilateral programs of forest insect and disease control? For State-matching of Federal payments to State Agricultural Experiment Stations?

Could rural revenue sharing funds be utilized to subsidize the provision of natural gas service to clusters of population in rural areas? To new or expanding rural industries?

Could rural revenue sharing funds be utilized to build new communities in rural areas? Would such new communities, be built from rural revenue sharing funds, have to be under 50,000 population when built? Never more than 50,000.

Under the rural revenue sharing program, could the Housing and Urban Development program for developing and improving neighborhood centers be expanded into rural areas? Would this be on the basis of loans or of project grants? Or both?

May rural revenue sharing funds be utilized by States to finance programs for wildlife and migratory birds? Under what standards and regulations, if any?

Will rural revenue sharing funds be available, and permitted to be used, for subsidization of ski facilities and other concessionaries on Federally-owned land in rural areas?

May rural revenue funds be used to establish and operate community junior colleges located in rural areas? By what standards, if any?

Are Indian schools in rural areas eligible for, or ineligible, for rural revenue sharing funds?

Could rural revenue funds be utilized to augment the Federal payment to land grant colleges administered by the Department of Health, Education and Welfare?

Could rural revenue sharing be utilized to help farmers and ranchers repay a portion of the principal and interest on loans obtained by them from institutions of the Farm Credit Administration? Is there a prohibition in the proposed legislation?

May rural revenue sharing funds be expended on promotion of tourist travel in rural areas? If so, have any arrangements been made for coordination with the tourish travel programs of Forest Service, Park Service and the Department of Commerce?

Does the Department of Agriculture, working with the Department of Transportation, have any formal or informal projections of how many new or reconverted air cargo airports may be built or expanded in rural areas over the next 20 years? Do you have any estimate of employment generating prospects of such installations? Could rural revenue sharing funds be utilized to construct and overate freight and cargo airports in rural areas? Under what conditions?

Could rural revenue sharing funds be utilized by States to augment subsidy payments to air carriers that will serve rural areas? Would such an airline, to qualify, have to operate entirely within rural areas or would it be permitted to have a few terminals in cities larger than 50,000.

If a city of smaller than 50,000 desires to undertake an urban renewal program, following enactment of the rural and urban revenue sharing proposal, which sources of funds would be used for such purposes?

Could rural revenue sharing funds be utilized to purchase and develop rural land for new community facilities and public works? Could such purchases be made under powers of eminent domain?

Could rural revenue sharing funds be utilized by the States to provide subsidies to rural writers and inventors and assist them in obtaining U.S. copyrights and patents at no legal or other costs to them?

May a State use some of its rural revenue sharing payment to supplement Environmental Protection Agency formula grants for pollution surveillance and enforcement activities that benefit residents of rural areas in connection with the on-going program of the State or interstate water pollution control agency?

Could rural revenue sharing funds be used to assist the Veterans Administration in improving the services and expand or improve the physical plant of veterans' hospitals and health services in rural areas?

Mr. JOHN J. CORCORAN, General Counsel, Veterans Administration. Under the provisions of sec. 5001 of title 38, United States Code, there is authority for the Administrator of Veterans Affairs to accept gifts or donations to improve the service and expand or improve the facilities of Veterans Administration hospitals.

Whether the State is authorized to use revenue sharing funds to make such a gift depends on whether such use is determined by the Secretary of Agriculture to be within the intent of the proposal. Moreover, such a gift by a State would be subject to applicable State law.

May work at VA hospitals in rural areas be assisted from a State's payment from rural revenue sharing funds? General revenue sharing funds?

Secretary HARDIN. Each State is authorized to expend moneys to which it is entitled for rural community development programs or activities which directly benefit the residents of a rural area. Provided this basic requirement is met; a State development plan is published and submitted to the Secretary; funds are properly accounted for; there is compliance with nondiscrimination, Davis-Bacon labor standards and relocation costs legislation; and there are no other laws or provisions prohibiting it; rural community development revenue sharing funds may be used by the State to match or supplement any Federal program. However, it is doubtful if VA hospitals would meet the provision requiring direct benefits to residents of rural areas.

General revenue funds could be used for this purpose.

Would States be allowed to use rural revenue sharing funds to increase, or to inaugurate, bonus or appreciation payments to veterans of foreign wars who reside in rural areas?

Mr. COCHRAN. Neither the President's message nor the administration's proposed legislation on Rural Revenue Sharing discloses any intent to authorize the use of such funds to increase or inaugurate bonus or appreciation payments to veterans of foreign wars who reside in rural areas. The bill, (S. 1612, 92d Cong.) specifically requires (sec. 204), with one exception, that the funds be used for rural development. The exception (sec. 202(d)) relates to certain funds for distribution at the discretion of the Secretary of Agriculture.

The Secretary would be empowered (sec. 306) to prescribe such rules, regulations and standards as may be necessary to carry out the purposes and conditions of the proposal. The Veterans Administration has no information of the Secretary's intent in this matter.

May rural revenue sharing funds be used to work on the problem of drug abuses by high school students in rural areas if such exists? Please supply the Hearing Record with any firm data concerning the extent or prevalence of drug abuse in rural as compared with non-rural areas that may be available to you.

Deputy Attorney General **KEINDRIST**, Justice Department. Yes. Such use would be authorized under sections 101(c)(2)(H) and (P) of the bill. The Uniform Crime Reports—1969 reflect in Table 43 that 1,044 persons under 18 years of age were arrested in rural areas for violation of 63.9% over the same figure for 1968. Tables 32 and 38 of the same publication indicate that drug arrests numbered 14,396, an increase of 19.5% over 1968; in urban areas the figures were 39,587 and 36.6%, respectively.

Since expenditures for law enforcement activities in rural areas is authorized by Section 101(c)(2)(M) and Section 204, will it be permissible to use the special law enforcement revenue sharing funds for rural law enforcement assistance?

Mr. **KEINDRIST**. Yes. Special law enforcement revenue sharing funds may be used for any valid law enforcement purpose.

Please provide for the Record of the Hearings a summary statement of any research that may be underway in (a) the Department, (b) in Land Grant colleges, and (c) elsewhere on the problems and issues involved in more rapid rural community development? May States expend rural revenue sharing funds to expand the scope and intensity of such research? In your opinion is the current budget of the Department of Agriculture adequate for this work in the Department?

Secretary **HARDIN**. The State Agricultural Experiment Stations have for a number of years carried on a limited amount of research dealing with problems and issues involved in more rapid rural community development. About 320 projects directly related to rural community development or about six per State were in active status at the Stations during fiscal year 1970. An additional 215 projects have thus far been activated with the $3 million appropriated for this purpose in 1971. Examples of the types of problems on which research is being carried out include, rural housing, availability and financing of needed public services, improvement of employment opportunities, causes and remedies of poverty, alternative enterprises for low income and part time farmers, agricultural land use, health care delivery systems, improvement of community structures and institutions, water and sewerage systems for rural communities, determination of functional economic areas, commercial culture of catfish, recreation, planning and development, community management, and agricultural and human adjustment to changing conditions.

With regard to whether States may expend rural revenue sharing funds to expand the scope and intensity of such research, it is our interpretation that such monies would have to be non-Federal funds. This likely will require an opinion from the Office of the General Counsel.

The following table summarizes research programs in the USDA, the Land Grant Universities, and the Forestry Schools contributing to more rapid rural community development.

(Note. Table was not supplied.)

Is the budget for State experimentation sufficient for expanded rural development research?

Secretary **HARDIN**. The 1971 budget requested $5 million of Hatch funds to expand research in rural community and human resource development. In addition, $750,000 was requested to provide initial support for the establishment of regional rural development centers. It was envisaged that such centers would be focal points for research and the training of extension workers and community leaders in the respective regions. The appropriation bill as passed reduced the special allowance for rural development research from $5 million to $3 million and eliminated the item for regional development centers. It is believed that the original request for support with fiscal year 1971 funds would be more consonant with the immediate needs in this pressing problem area.

10. HOW REVENUE SHARING WILL WORK PROCEDURALLY

Do you consider the list of purposes in Section 2 or the list of programs and activities in Section 101(a)(1) to take precedent with respect to the authorizations in Section 204 and to your power to prescribe rules, regulations, and standards under Section 306?

Secretary **Hardin**. We assume the reference to programs and activities in section 101(a)(1) should be to those referred to in section 101(c)(2). We are not certain as to what is meant by the phrase "take precedent" in the context of the question. If the question is whether authorized expenditures under section 204, or rules, regulations, or standards which can be prescribed by the Secretary under section 306, are limited to those programs or activities specified in section 101(c)(2), the answer is no. Section 101(c)(2) spells out some of the programs and activities included in the rural community development program, but the program is not limited to those listed. Authorized expenditures and rules, regulations and standards would be limited to and relate to programs and activities which would accomplish the purposes and objectives set out in the Act.

What does the Secretary of Agriculture plan to do with the Governors' state development plans when he receives them? Will the programs of the Department of Agriculture be readjusted in each State to fit in with the Governor's plan? For example, will the Forest Service multiple-use planning on National Forests be revised to carry out plans submitted by the Governors' plans and the plans for watershed protection and flood prevention projects? Will the Governors' plans include plans for development of water and related land areas, and if so, how will these be coordinated with the Comprehensive River Basin and other planning activities in which you cooperated with the States and other Departments through the Water Resources Council?

Secretary **Hardin**. The plan will be reviewed to check its compliance with the law. It is not subject to approval. Coordination of the State plans with watershed, National Forests, River Basin, etc., will follow the pattern now practiced in this regard. Certainly it is hoped that this coordination will occur at the State and local levels as well. State plans will not be uniform and so the degree of coordination may vary. The State plans will be made available to the appropriate Federal agencies for their use. It is also expected that Federal agencies would make their plans available to the States.

Please provide for the Hearing Record a brief statement of the actions that will be taken by the Secretary of Housing and Urban Development with respect to the State development plan, if the rural revenue sharing proposal were to be adopted."

Secretary **Romney**. The plan of course is not subject to any Federal approval. However, we expect that the plans developed by many States will be helpful to us in assessing community development needs and in working out issues relating to major proposals such as those for new communities. Also, we would expect to use the plans in evaluating where non-formula funds under urban community development special revenue sharing may be used to best advantage in support of State goals developed in consultation with elected local government officials.

To the extent that Federal advice and assistance is sought in the preparation of plans, this Department would expect to work very closely with the Department of Agriculture. Largely as a result of the 701 grant program to non-metropolitan districts, the two departments have developed a record of coordination at the Washington level as well as between the field offices and, perhaps even more important, at the State level. In most States the State planning agency which has responsibility for State planning and the administration of grants under the 701 program to localities and districts is coordinating closely with the State rural development committee, which has been established in each State under the Department of Agriculture. We expect that these arrangements will continue to assure coordinated grant administration under the special revenue sharing proposals.

Will the Department of Agriculture itself make an evaluations of activities on the basis of data collected under provisions of Section 306? If so, will these evaluations be published?

Secretary **Hardin**. Yes. The Department of Agriculture would make evaluations and the results would be published.

Will the Secretary of Agriculture be involved in the review of Governors' plans under manpower, transportation, education, law enforcement revenue sharing or are his activities confined to a review solely of the rural revenue sharing plans? Will the Secretary of Agriculture prepare comments, suggestions, or make an evaluation of any kind of these plans? Will such comments be made publicly?

Secretary **Hardin**. The Secretary of Agriculture is required to review only the rural revenue sharing plans. He may review and comment on others. The nature of this review and comments, if any, would depend upon the circumstances.

Has, or will, a coordinating procedure be developed, similar to that which now exists with respect to Section 701 grants, between the Secretaries of Agriculture and of Housing and Urban Development relative to their processing, review, and filing of the State plan? Will the primary file of State reports and amendments thereto be housed in the Department of Agriculture or the Department of Housing and Urban Development?

Secretary **Romney**. State plans called for under rural development revenue sharing may be assisted financially by the Department of Housing and Urban Development under the community planning and management program, with coordination procedures now in existence being adapted to the needs of the new program.

To the extent there is a file of plans that could be called the "primary" file, we anticipate this would be maintained by the Department of Agriculture.

This bring up another, and more general question, suppose that the urban and legal enforcement proposals are adopted but the others are not? Will rural areas be eligible to participate in such programs.

Secretary **Hardin**. The passage of one revenue sharing proposal without the passage of cthers would not affect those eligible to participate in it. A few rural areas would be eligible to participate in urban revenue sharing and all would be eligible for law enforcement revenue sharing.

The rural revenue sharing proposal abolishes several existing programs and substitutes for them a single program of grants-in-aid to States for rural community development. For the first full fiscal year, the President recommended a transfer from these programs of $921 million plus $179 million additional to be appropriated for rural development revenue sharing. How much would be made availabe in fiscal years following the initial first full year? Is this an automatic appropriation of a given number of dollars per year until changed or is the annual figure subject to the ups and downs of the budgeting and appropriations process?

Secretary **Hardin**. The President's budget recommendation is that rural revenue sharing begin with a base amount of $1.1 billion in the first full fiscal year. The amount included in the budget for rural revenue sharing will be subject to the budgeting and appropriations process. As indicated by the President in his Message to the Congress, dated March 10, 1971, on rural revenue sharing, the base amount of $1.1 billion contemplates that every State will receive at least as much from Special Revenue Sharing for Rural Community Development, as it now reveices from the eleven rural assistance programs combined.

If the amount of rural revenue sharing funds from year to year are to be dependent upon the budget and appropriation process, we would appreciate your sharing with us any schedule of criteria that you may have developed for determining the annual amount that would be included in the budget request for rural revenue sharing for future years.

Secretary **Hardin**. We have not developed any schedule of specific criteria for determining the annual amount that would be included in future budget requests for rural revenue sharing. In developing these requests, however, we will take into account a number of factors, such as the availability of Federal funds, the degree of success in achieving rural development objectives with past expenditures in revenue sharing, and the social and economic status of rural people in our society.

Let us suppose that the amount appropriated each year for rural revenue sharing should drop from year to year owing to the divorce of specific appropriation items from specialized interests in specialized programs. In that case would the "hold safe" proposals for Extension Service result in the application of an accelerated leverage principle that would escalate a more rapid reduction of other funds for rural development?

Secretary **Hardin**. As we interpret the legislation, the State would be required to maintain the Extension program at the 1971 level even though the amount of funds for Rural Community Development Revenue Sharing were deceased. Thus, it would be possible for a reduction of funds for other rural development programs. However, it is the intent of this administration to further decentralize responsibility for State and local programs which contemplates increased amounts of Federal revenue sharing funds rather than less.

Are there any provisions in the rural revenue sharing proposal which would insure that the payments to the States would be distributed or expended *within each State in accordance with need for development assistance adjusted for per capita tax base or other measure? Will you examine this in reviewing the Governors' development plans? Will such evaluation be included by ou in a report to the Congress?*

Secretary **Hardin**. The rural revenue sharing bill does not specify how funds are to be distributed within the States. Allocation within the States will be on the basis of a State plan developed according to the provisions in the rural revenue sharing bill. The allocation of funds within a State relative to population, income, tax base, etc., probably would be one of the facets reviewed and evaluated.

Please provide for the Hearing Record illustrative tabulations showing separately the result for each State using current data for each of the following:

(a) Section 202(b) (1);
(b) Section 202(b) (2);
(c) Section 202(b) (3).

Secretary **Hardin**. The attached table includes the illustrative tabulations requested. Totals may not add due to rounding. The first column which is the total of the other four columns, is the State entitlement provided it is equal to or greater than the State's hold harmless base line. For States where this is not the case, the hold harmless base line is the State entitlement.

(The indicated table follows.)

ILLUSTRATIVE TABULATION OF FORMULA PROVISIONS

State	Total	1 percent equal sec. 202(b)	Sec. 202(c)(1)	Population growth sec. 202(c)(3)	Income sec. 202(c)(2)
Alabama	31,621,794.99	178,490.50	13,011,175.60	7,708,147.75	10,723,981.14
Alaska	2,100,561.08	178,490.50	1,922,070.58	0.0	0.0
Arizona	8,050,591.06	178,490.50	5,140,618.35	0.0	2,731,482.20
Arkansas	23,654,437.43	178,490.50	9,962,022.06	5,685,834.71	7,828,990.17
California	28,581,020.25	178,490.50	25,735,648.63	0.0	2,667,781.12
Colorado	8,876,102.13	178,490.50	4,759,124.63	1,409,712.58	2,528,774.43
Connecticut	3,632,731.18	178,490.50	2,859,360.10	0.0	594,880.57
Delaware	1,425,140.78	178,490.50	1,028,185.07	0.0	208,465.21
Florida	21,624,845.05	178,490.50	13,886,518.78	0.0	7,559,835.77
Georgia	33,372,856.14	178,490.50	14,776,931.02	5,231,183.64	13,186,250.97
Hawaii	1,875,518.52	178,490.50	891,890.35	515,491.01	289,646.66
Idaho	8,091,274.53	178,490.50	3,841,408.90	2,414,512.35	1,656,862.78
Illinois	29,852,694.14	178,490.50	15,497,584.32	10,300,812.34	3,875,806.99
Indiana	21,834,100.08	178,490.50	14,039,212.25	4,868,594.65	2,747,802.68
Iowa	28,625,695.39	178,490.50	12,267,601.97	12,142,269.95	4,037,332.97
Kansas	20,203,848.72	178,490.50	8,549,087.55	9,511,743.39	1,964,527.29
Kentucky	34,629,175.28	178,490.50	12,584,513.07	11,001,234.61	10,864,937.09
Louisiana	22,719,830.81	178,490.50	11,346,354.13	2,213,297.22	8,981,688.96
Maine	10,682,452.92	178,490.50	4,531,860.07	3,994,440.56	1,977,661.79
Maryland	4,805,951.00	178,490.50	3,935,630.56	426,506.08	265,323.86
Massachusetts	1,301,406.33	178,490.50	1,060,638.30	0.0	62,277.53
Michigan	21,081,927.17	178,490.50	13,883,639.34	1,504,576.32	5,515,221.01
Minnesota	29,529,432.25	178,490.50	12,203,831.99	9,786,757.76	7,360,352.01
Mississippi	34,608,082.10	178,490.50	11,948,758.45	11,740,357.73	10,740,475.41
Missouri	28,559,573.35	178,490.50	11,556,630.00	9,184,246.56	7,640,206.30
Montana	8,984,713.91	178,490.50	4,443,352.51	3,338,595.07	1,024,275.84
Nebraska	13,299,926.78	178,490.50	5,518,093.66	6,179,316.01	1,424,026.61
Nevada	3,305,804.83	178,490.50	3,127,314.33	0.0	0.0
New Hampshire	4,573,865.68	178,490.50	3,287,295.98	0.0	1,108,079.19
New Jersey	13,423,862.41	178,490.50	10,601,673.52	0.0	2,643,698.39
New Mexico	11,274,634.13	178,490.50	4,402,342.89	4,230,143.96	2,463,656.78
New York	25,041,437.05	178,490.50	17,486,765.03	4,169,107.13	3,207,074.39
North Carolina	47,308,556.40	178,490.50	21,535,199.23	11,357,726.18	14,237,140.49
North Dakota	10,288,508.43	178,490.50	3,952,900.79	4,483,686.17	1,673,430.96
Ohio	31,176,351.07	178,490.50	16,365,012.23	8,867,419.16	5,765,429.18
Oklahona	22,675,296.37	178,490.50	9,911,171.16	6,945,705.26	5,639,929.45
Oregon	9,981,208.01	178,490.50	7,841,602.89	0.0	1,961,114.63
Pennsylvania	37,839,446.52	178,490.50	16,427,860.80	14,123,671.75	7,109,423.47
Rhode Island	1,406,812.77	178,490.50	1,139,906.07	0.0	88,416.21
South Carolina	26,286,223.16	178,490.50	11,008,954.22	7,158,272.31	7,940,506.12
South Dakota	9,946,804.84	178,490.50	3,649,196.72	4,561,030.95	1,558,086.66
Tennessee	29,503,853.48	178,490.50	13,072,597.25	5,383,396.61	10,869,369.12
Texas	51,113,340.86	178,490.50	25,945,259.02	12,933,817.88	12,055,773.46
Utah	4,342,139.74	178,490.50	2,401,836.38	52,057.62	1,709,755.24
Vermont	3,699,819.52	178,490.50	2,208,843.55	622,370.79	690,114.68
Virginia	26,975,517.62	178,490.50	12,151,688.54	6,321,043.31	8,324,295.27
Washington	10,170,245.72	178,490.50	7,424,679.26	1,662,872.81	904,203.15
West Virginia	25,466,471.59	178,490.50	7,912,539.48	11,433,140.11	5,942,301.51
Wisconsin	22,636,791.07	178,490.50	12,458,483.21	4,680,455.87	5,319,361.48
Wyoming	5,698,912.07	178,490.50	2,127,048.28	1,936,277.20	1,457,996.09
Puerto Rico	25,872,003.30	178,490.50	9,677,443.86	4,055,162.80	11,960,906.14
Virgin Islands	1,051,347.24	178,490.50	404,401.27	0.0	468,455.48
Guam	1,314,111.86	178,490.50	556,218.11	0.0	579,403.25
Total	946,000,000.00	9,460,000.00	468,269,976.32	234,134,988.16	234,134,988.16

How was the four-factor formula for distributing rural revenue sharing funds among the States formulated? Please give us tables showing for each State what the distribution would have been if each of the following distribution formuls had been used:

(1) if the entire distribution among States had been based upon rural population and the average rural per capita income; and

(2) if the entire distribution had been based upon rural population and the population change factor?

As you know, some States are better able to assume their own costs of rural development than other States; in fact, the more rural States usually have less tax base per capita than the more urban States, we would appreciate having your comments and evaluation of the relative merits of using a formula giving equal weight to rural population loss, rural per capita income, and rural population versus a formula that depends for 50% of its weight on the rural population factor alone.

Secretary HARDIN. The rural development revenue sharing formula was developed after considerable discussion, analysis and experimentation within the Executive Branch. Previous statistical analyses of indicators of rural needs were reviewed and their results used experimentally. The distributions requested for alternative formulas can be calculated from the information in the previous question but it would be necessary to specify the weights for each variable. The merits of alternative formula have been discussed above.

Please provide for the Hearing Record the names of the States to which the proviso in Section 202(b) (2) of the proposed legislation applies.

Secretary HARDIN. We assume the question pertains to Section 202(b) which provides that one percent will be allocated among the States in equal proportions. The States are listed in the answer to the next previous question.

Please provide for the Hearing Record the names of the States that would be affected by the proviso in Section 202(b) (3), in the proposed legislation for rural revenue sharing.

Secretary HARDIN. See answer to the next previous question.

Would there be any objection to raising the weight you have given to the migration out of rural areas (Section 202(c)(3)), from 25 per cent to 50 per cent? If there is any, please supply them for the Hearing Record?

Secretary HARDIN. Obviously, there is no one "right" way to distribute these funds. At the margin, the decision between assigning one weight or another is largely arbitrary. Some disadvantages of doubling the weight assigned the outmigration variable are these: (1) Outmigration rates are symptoms of problems, not the cause itself. (2) Historic outmigration rates reflect a *past* condition. They may or may not reflect current need. (3) *Rates* of outmigration are only partially indicative of the severity of the problem. It says nothing about the *number* of people involed. (4) To the extent net outmigration is an indicator of an area's lack of economic and social viability, it is not an effective guide for the allocation of developmental investments. It should also be noted that the variable included in the revenue sharing proposal is not migration (as stated in the question) but population change.

Would there be objection to raising the weight given the factor of rural per capita income (Section 202(c)(2) from 25% to 33-1/3%? If so, please provide a summary of the objections for the Hearing Record.

Secretary HARDIN. Again, the assignment of weights to these variables becomes somewhat arbitrary at the margin. There is no major objection to increasing the weight assigned the rural per capita income variable from 25% to 33.3%.

In connection with the application of Section 202(c), does "rural population" when used in the subsection mean residents of open country, of villages, towns, and cities of 50,000 or less or does rural population as used here mean residents of "rural areas" as defined in Section 101(a)? The distinction could have a very large effect upon changing the distribution of funds among the States.

Secretary HARDIN. The meaning is as defined in Section 101(a) and 101(b): the total resident population of any country parish, or similar political subdivision which either has a population density of less than 100 persons per square mile or is not included within a standard metropolitan statistical area.

If places up to 50,000 are made eligible for rural revenue sharing payments, would their eligibility for such payments be cut off as soon as they reach the 50,000 population figure?

Secretary **HARDIN**. Eligible areas are those "which either has a population density of less than one hundred persons per square mile or is not included within a Standard Metropolitan Statistical Area." Eligibility would be based on the latest published data. The Secretary may change eligibility for rural revenue sharing in view of newly published data on population.

Is the revenue sharing proposal a sort of special application of the principle of "to each according to his need and from each according to his ability to pay"? Are there provisions to require the application of that principle to expenditure of the rural revenue sharing funds after they are received by the States and cities?

Secretary **HARDIN**. The objectives of Rural Revenue Sharing are to form a new partnership between the Federal Government and the State and local governments, to strengthen the essential social and economic partnership between rural America and urban America, and to afford rural Americans a full share in the nation's prosperity and growth.

The proposal law does not specify how funds are to be allocated to the eligible rural areas within the States.

Please provide for the Hearing Record, the United States Bureau of the Census definition and utilization of the terms "municipality," "county" and "township."

Secretary **HARDIN**. The Bureau of the Census uses the term "municipality" only in the Census of governments. A municipality is an active governmental unit officially designated as a city, village, borough (except for Alaska) or town (except the six New England States, New York, and Wisconsin).

A *county* is a basis political subdivision of a State and normally all the land area of the State is included in counties. Alaska and Louisiana have no counties, but in Louisiana the *parish* is the equivalent of a county. In Alaska, part of the State in subdivision into *boroughs*, which may be regarded as county equivalents. Several States have *independent* cities that are not part of any county and in some instances city and county governments have been consolidated.

A *township* in Census of Population terms is a political subdivision of a county in States that use the civil township method of subdividing counties. Census of Governments defines the term somewhat differently. For example, it includes the New England town.

Please provide for the Hearing Record an explanation of what is intended and contemplated by the final sentence of Section 102, of the proposed legislation.

Secretary **HARDIN**. The final sentence of section 102 authorizes the Secretary to change or modify any definition in section 101 if changes or modifications in published data made by the Department of Commerce or Office of Management and Budget after the date of enactment of the rural revenue sharing act make such changes necessary or desirable.

What is the meaning, in operational terms, of the phrase "solution of problems of wide geographic significance" as used in paragraph 101(c)(2)(J) of the proposed legislation to carry out the rural revenue sharing proposal?

Secretary **HARDIN**. The phrase "encourage the solution of problems of wide geographic significance" was intended to refer to problems which are Statewide or region-wide as distinguished from problems of a distinctly local nature which would ordinarily be expected to be solved on a local basis without Federal assistance.

What is the meaning, in functional terms, of the phrase "proper utilization of human resources," as used in Section 101(a)(2)(I)?

Secretary **HARDIN**. We assume the reference to section 101(a)(2)(I) was intended to be to section 101(c)(2)(I). Promoting the proper utilization of human resources means using our human resources in a way that will bring rural areas of the nation to their full potential, provide residents of rural areas with employment opportunities and income which would enable them to enjoy a decent standard of living and contribute to the economic growth of the nation.

What arrangements are contemplated with State governments for coordinating waste disposal grants paid from rural revenue sharing funds and loans advanced by Farmers Home Administration? Grants by Environmental Protection Agency for waste water treatment plants?

Secretary **HARDIN**. It is expected that FHA State Directors will work closely with state agencies administering the rural revenue sharing funds to coordinate the processing of those projects requiring both a loan from FHA and a waste disposal grant from the state. This is now being done in connection with EPA grants for waste treatment plants.

What plans, if any, have been developed to coordinate the management assistance programs operated by the Small Business Administration with similar programs that might be financed under the rural revenue sharing proposal?

Secretary HARDIN. No plans yet have been developed. In many instances, however, we would expect such programs to be administered by a State industrial development agency which has close working relationships with the Small Business Administration.

Please provide the Hearing Record with an explanation of how Section 305 will operate with respect to the REAP program, the Great Plains Conservation program, and Economic Development Administration?

(Note. The question was referred to the Economic Development Administration, Department of Commerce, who supplied following answer:)

Section 305 refers to advance payments. EDA programs do not provide for advance payments as contemplated by this provision.

The remainder of this question shall be answered by representatives from USDA.

Secretary HARDIN. Section 305 of the proposed revenue sharing bill (S. 1612) provides that advance payments made to State and political subdivisions by December 31, 1971, but unearned by that date, shall be either returned to the Federal agency concerned, or offset against the first shared revenues for the State or political subdivisions.

There would be no advance payments to States or political subdivisions under the REAP or Great Plains Conservation programs which would be subject to return or offset under Section 305.

The part of the question pertaining to the Economic Development Administration has been referred to that agency for separate response.

What are some examples of substantative proposals in State plans that the Secretary of Agriculture might, or would consider, to be a violation of section 304(a)? If you were to discover such a proposed violation in, either the initial plan for a particular year, or in a subsequent amendment, that had not yet been undertaken and funds expended, what would be your action?

Secretary HARDIN. State Development Plans, as such, are not subject to the Secretary's approval. See section 203. If the implementation of the plan resulted in a violation of any of the requirements of the Act, such as those relating to authorized expenditures, efforts would be made to effect voluntary compliance before invoking the enforcement sanctions provided by section 304.

To a certain extent, the grants-in-aid programs which would be incorporated into the several special revenue sharing proposals for law enforcement, education, manpower training, and health are generally in the form of grants-in-aid to State and local governments and are mainly of rather recent initial enactment while the programs folded into the rural and highway revenue sharing programs are special payments to all qualifying individuals in the nation or are of many years standing; we would appreciate your comment on the implications of these distinctions. For example, both the Great Plains Conservation and the REAP (formerly ACP) programs involve payments directly to farmers and ranchers under individual contracts to perform certain activities in which Congress has determined a national interest exists, is it your feeling that the blocking together of such programs with the Farmers Home Administration waste disposal and Economic Development sewer system grant programs is of the same generally validity as combining several of the manpower development and training grant programs for example, into a single block grant? What is your comment on the difference between, in the one hand, combining grants to local sponsors for resource conservation and development projects with forest fire fighting grants compared with, on the other hand combining several categorical vocational education grants-in-aid to States into single education block grant?

Secretary HARDIN. The rural revenue sharing proposal would remove many of the problems of inflexibility, priority distortion and flawed accountability which now adversely affect rural assistance as a result of categorical narrowness, lack of coordination, and excessive Federal involvement. By combining the various rural assistance programs, we could produce a new whole significantly greater than the sum of its parts.

Within what range do you expect the annual administrative costs of the Secretary of Agriculture to be in carrying out his duties and responsibilities under the rural revenue sharing proposal?

Secretary HARDIN. Annual administrative costs of rural revenue sharing will include direct administration and related activities such as audits under section 302 of the proposed legislation. It is expected that the minimum costs for these activities would be about $1 million in the first full year of revenue sharing. Future cost levels would depend on the Department's experience in administering the program. The possibility should be noted that these costs will be offset or more than offset by reduced administrative and audit costs associated with the existing programs included in rural revenue sharing .

Please provide for the Hearing Record a brief explanation of the proviso in section 301, of the proposed legislation to implement the rural revenue sharing proposal; who is authorized and required to follow the regulations prescribed by the Secretary under this proviso?

Secretary HARDIN. This provision is for transitional period to avoid the inordinate rise in outlays from obligations previously made. The recipient of the rural revenue sharing funds would be required to follow this proviso.

If the President's departmental reorganization proposal should be enacted, which of the proposed new department's would be assigned your function with respect to reviewing Governors' plans for using rural revenue sharing funds? If funds now appropriated, for example, for Great Plains conservation program should be transferred by the State to rural industrialization inventories would this involve both the Secretary of Natural Resources and the Secretary of Economic Affairs? Where would the Secretary of Community Development fit into this picture? A similar situation might arise with respect to reduction of forest fire suppression funds; how would that be worked out among the proposed new Departments?

Secretary HARDIN. When the President's Departmental Reorganization Program is enacted, the rural revenue sharing program would be transferred to and administered by the Department of Community Development. To the extent that other Departments, such as the Department of Natural Resources and Department of Economic Affairs administered Federal programs making a contribution to rural development, these would be taken into consideration by the State and local governments in developing their annual rural development plans.

Would it be fair, Mr. Secretary, to characterize the rural revenue sharing proposal as one to abolish a specified list of existing Federal programs of aid to State, local governments, project sponsors, and individual farmers and ranchers, and to substitute for those programs the expenditure of a somewhat increased sum of money in payments to States, which may be expended by them for a much broader array of rural development purposes?

Secretary HARDIN. No, this would not be a fair characterization because it is limited to the program consolidation aspects. Revenues sharing not only would provide more flexibility, it would increase the democratic accountability of State and local officials, reduce the distortion of State budgets due to "matching shares" requirements, and reverse the trend of proliferation of narrow, categorical Federal grant-in-aid programs.

11. FEDERAL CONTROL AND SUPERVISION OF RURAL REVENUE SHARING EXPENDITURES

Some have felt the need in rural areas for improvements or reforms in the structure and functioning of local governments in rural areas. What is your position toward requiring some such governmental reform requirements as a basis of eligibility of State and other units to receive revenue sharing payments? Should the proposed revenue sharing payments be utilized as a means to encourage local rural governments to increase the effectiveness and efficiency of their services?

Secretary CONNALLY. Reform is always a desirable idea. The problems arise over who should define the nature of the reforms and who should initiate the movement for reform. We don't find any simple, nationally applicable definition of reform to exist. Nor do we believe that revenue sharing must serve as a "lever" for securing state and local adoption of some arbitrary concept of reform or effectiveness.

Revenue sharing accomplishes a number of desirable objectives—fiscal relief, political decentralization, administrative reform—and ought not to be expected to carry the burden of every deserving cause. We believe that the flexibility of revenue sharing, without the fragmented and over-controlled narrow approach to problems which characterizes too many of our existing efforts, means that *by itself* revenue sharing will encourage more effective and more efficient provision of government services.

Do the rural revenue sharing proposals contain, or do you have in mind, any standards-of-performance criteria to be met by State and local officials who would be granted Federal funds for expenditure on rural community development activities?

Secretary HARDIN. Ample safeguards to insure the funds are properly accounted for are included in the bill. The proposal requires that the funds shall be properly accounted for by the States as Federal funds. The Secretary has the right to examine the books and require reports. The Inspector General's office would audit the books. The standards-of-performance criteria to be met by those handling the Federal funds, although not spelled out in the bill, would be comparable to those used for other Federal programs.

Does the proposed rural revenue sharing legislation provide any guidelines to States as to what kinds of rural community development activities should be undertaken? Will the Secretary of Agriculture, or any of the agencies and services of the Department, provide any influence or leadership to State agencies concerning the most promising investments of such funds? Will the Department of Agriculture seek to influence States in making their decisions whether to continue the discontinued programs other than Extension?

Secretary HARDIN. The basic thrust of revenue sharing is to give the States and local people a greater say in decision making. Therefore, detailed guidelines and instructions will not be sent by the Department on rural revenue sharing. Agencies of the Department will continue to cooperate on rural development, but this will not be limited to rural revenue sharing funds. The Department will not seek to influence State revenue sharing decisions, but will respond to request for information by States.

Will cities up to 50,000 population, and their suburbs, be required to have a "workable program for community improvement" to be eligible to utilize rural and urban revenue sharing funds for community facilities? Which program will provide the needed funds?

Secretary HARDIN. The rural revenue sharing law does not require any political subdivisions of the State to prepare "workable programs for community improvement" in order to be eligible to utilize the rural revenue sharing funds. The Department of Housing and Urban Development is responding separately in regard to urban revenue sharing.

Please furnish for the Hearing Record a brief statement indicating your interpretation of the word "reasonably" in paragraph 302(b) (3)?

Secretary HARDIN. Section 302(b) (3) provides that "in order to assure that revenues shared under this title are used in accordance with the provisions of this Act, each State shall . . . make such reports to the Secretary as he may reasonably require." The word "reasonably" is intended to import the generally accepted meaning of the term, that is, having the faculty of reason, rational, just, fair-minded, not beyond the bounds of reason. Under such language, the Secretary would require only those reports which would be necessary to carry out effectively the purposes and objectives of the program and for his report to the President and Congress.

Does the Rural Revenue Sharing proposal contemplate any changes in the tax structure and governmental organization pattern of State, county, or municipal governments? Do you expect the proposal, if adopted, to encourage county consolidation? Reduction in number of special purpose district and other public and quasi-public instrumentalities?

Secretary HARDIN. Rural revenue sharing, as the President stated, is designed to give rural people "more money, plus more freedom to spend it, plus better planning in doing so." The particular means the local people choose to capitalize upon the program is up to them. It is expected, of course, that rural revenue sharing would stimulate new and reinforce existing efforts to streamline and increase the effectiveness of local governments.

In connection with the definition of "rural development", would each individual community development project undertaken with the help of rural revenue sharing funds have to be certified as "directly benefiting the majority of the residents of rural areas within said State." This requirement would appear, if applied to any large state, to require that each undertaking would have to be large enough in scope to cover at least half of the rural area of the State or involve at least half its rural residents. Please clarify: are county and multi-county district programs ruled out? Suppose that one multi-county planning and development district, having 27 percent of the State's rural population, should undertake a particular program or activity that no other part of the State has undertaken or proposed to undertake, would this district be eligible or ineligible under the required Governor's certification that at least half of the rural residents of the State would be benefited?

Secretary HARDIN. The certification applies only when Sec. 101(c)(1)A does not.

Are there any additional assurances, in your opinion, that Congress should write into the revenue sharing proposals to guard against the risk that the revenue sharing funds received by some small minority of governmental units might be spent frivolously or for some unnecessary or harmful project or purpose?

Secretary CONNALLY. We believe that the planning and reporting requirements of the various general and special revenue sharing proposals provide adequate assurance, without harmfully restricting state and local government initiative.

Additionally, we believe the public scrutiny afforded through the regular local budget-making process, together with the direct public accountability of local officials for their spending decisions, will operate automatically to provide a very effective check on the efficacy of expenditures made with revenue sharing funds. Revenue sharing dollars may well be the most carefully scrutinized dollars in any state or local budget.

12. GENERAL

Please give the subcomittee your estimate by States, of total revenues of the State and local governments, or for the United States as a whole, in 1970, of the following:

(a) Amount actually collected;

(b) Amount that would have been collected if the economy had been operating at a rate of 4 or 4-1/2 percent unemployment;

(c) the difference of (a) minus (b).

Secretary CONNALLY. We have not attempted to measure the effect of the economic slowdown in 1970 on State-local revenues. One reason is that the actual revenue totals for that year are not yet available, and in some cases will not be for several months. Another reason is that this is not normally done by the Federal government, and would require that a specialized model be developed. There is little question, however, that State-local revenues were actually less in 1970 than they would have been had the economy continued to expand at its previous rate.

FEDERAL AND STATE REVENUES AND PERSONAL INCOMES

To assist the Subcommittee to obtain a better understanding of the fiscal intricacies of this revenue sharing proposal, will you please submit a tabular summary showing by States—(a) per capita median income; (b) the per capita average or median Federal income tax payments; (c) the per capita average or median State and local personal and corporate income taxes, and (d) the per capita average or median of State and local property, sales and other taxes paid. If these figures are available for the rural areas of the States, please let us have an additional table showing the data for rural areas of each State. To what extent would the revenue sharing proposals, if enacted, change these figures?

Secretary CONNALLY. The tables requested are attached. Data are not available to provide a rural and non-rural breakdown of these figures.

We expect that general revenue sharing will reduce the pressures for increases in these state and local taxes.

SUMMARY BY STATES

PER CAPITA TAX REVENUE OF STATE AND LOCAL GOVERNMENTS, BY TYPE OF TAX, BY STATES: 1966-67

Region and State	Total	Property	All sales and gross receipts	General sales and gross receipts	Selective sales and gross receipts				Individual income	Corporation income	Motor vehicle licenses	Other and unallocable
					Total	Motor fuel	Tobacco products	Other and unallocable				
United States	308.30	131.64	103.76	51.16	52.60	24.62	8.72	19.25	29.44	11.25	11.57	20.63
Median State	296.60	128.78	100.70	50.19	52.44	27.16	8.09	16.14	19.65	9.69	12.49	15.88
Regions:												
Northeast	367.01	158.29	104.19	47.70	56.50	20.10	12.37	24.03	49.53	18.54	10.09	26.38
North Central	298.26	143.40	97.68	50.48	47.20	23.56	8.34	15.31	23.21	4.39	13.86	15.71
South	235.49	76.82	97.59	43.04	54.55	26.80	7.56	20.18	19.61	8.40	10.45	22.62
West	374.66	175.03	124.74	72.49	52.25	28.97	6.20	17.08	28.77	17.36	11.97	16.73
States:												
Alabama	191.37	33.96	112.05	57.77	54.28	30.92	8.09	15.26	17.06	8.46	2.82	17.01
Alaska	315.60	77.70	78.48	18.67	59.81	26.02	13.47	20.32	83.43	12.68	15.83	47.47
Arizona	320.51	145.89	129.98	77.89	52.08	30.84	7.61	13.63	16.21	8.82	10.96	8.66
Arkansas	199.46	52.03	95.40	45.04	50.36	32.19	7.64	10.53	15.85	12.77	12.49	10.91
California	406.47	209.12	121.84	72.83	49.00	28.67	4.93	15.41	26.08	23.63	10.88	14.93
Colorado	343.15	157.28	107.15	60.87	46.29	26.55	6.81	12.93	39.69	13.06	11.15	14.81
Connecticut	335.92	174.77	106.44	49.79	56.65	21.99	11.07	23.59	(1)	27.37	8.44	18.88
Delaware	339.52	67.40	63.57	(1)	63.57	29.79	10.47	23.30	103.82	24.33	15.90	64.52
District of Columbia	339.84	114.98	119.20	53.71	65.49	18.31	6.32	40.87	79.39	(1)	9.85	16.42
Florida	270.74	109.11	122.56	50.19	72.37	29.63	8.95	33.79	(1)	(1)	16.77	22.30
Georgia	227.33	71.30	105.32	53.62	51.70	27.22	8.34	16.14	22.30	14.33	5.66	8.41
Hawaii	406.60	82.48	202.09	141.15	60.94	27.48	6.32	27.14	85.94	14.24	12.58	9.26
Idaho	293.49	107.87	92.33	46.89	45.44	27.63	6.49	11.33	44.67	13.70	17.44	17.48
Illinois	298.32	145.81	124.21	72.69	51.52	17.07	9.46	25.00	(1)	(1)	16.36	11.94
Indiana	294.27	142.48	100.90	60.18	40.72	26.01	7.53	7.18	31.69	2.89	9.85	6.45

Iowa	333.77	168.26	88.89	41.25	47.64	31.02	8.76	7.86	38.55	4.35	22.73	10.99
Kansas	315.21	158.46	92.01	51.94	40.08	22.81	7.71	9.55	31.22	10.52	12.92	10.08
Kentucky	211.40	57.14	88.95	42.43	46.52	27.16	3.28	16.08	37.46	12.68	5.91	9.25
Louisiana	261.81	53.65	107.57	55.94	51.62	22.50	8.99	20.13	9.78	9.41	3.83	77.58
Maine	260.20	126.17	108.67	56.23	52.44	28.75	10.72	12.97	(1)	(1)	11.26	14.10
Maryland	318.42	131.19	94.88	36.93	57.95	24.57	6.85	26.52	58.66	9.80	9.32	14.70
Massachusetts	369.70	191.65	77.09	23.63	53.46	21.35	12.27	19.84	49.45	10.34	5.47	35.71
Michigan	316.31	138.68	123.44	79.26	44.18	22.23	9.08	12.87	7.05	(1)	11.88	35.26
Minnesota	350.74	174.04	55.45	(1)	55.45	24.81	9.13	21.51	88.22	19.43	15.32	17.28
Mississippi	196.47	54.38	108.45	60.71	47.73	29.56	7.94	10.23	4.43	7.23	6.24	15.74
Missouri	260.46	106.46	95.17	55.65	39.52	21.14	6.88	11.50	29.32	3.29	13.65	12.57
Montana	303.59	170.10	53.78	(1)	53.78	31.03	8.93	13.82	34.56	10.85	12.68	21.62
Nebraska	271.48	196.38	54.41	(1)	54.41	35.76	8.50	10.15	(1)	(1)	10.88	9.82
Nevada	374.31	149.66	160.38	52.74	107.64	35.68	12.09	58.87	(1)	(1)	20.21	44.07
New Hampshire	257.86	163.47	59.64	(1)	59.64	27.30	13.48	18.85	3.95	(1)	14.62	16.19
New Jersey	319.84	182.14	94.52	29.75	64.77	21.18	13.89	29.70	1.55	6.92	12.53	22.18
New Mexico	270.98	61.02	132.40	77.98	54.44	32.32	7.52	14.61	11.55	6.44	16.81	42.76
New York	459.40	180.98	117.75	58.91	58.83	15.04	13.82	29.97	101.24	24.20	11.08	24.14
North Carolina	224.56	59.34	87.28	40.10	47.19	27.97	(1)	19.22	37.50	19.50	8.84	12.00
North Dakota	279.11	142.33	79.78	37.13	42.65	23.44	7.72	11.50	17.35	5.22	17.61	16.82
Ohio	249.77	129.18	83.43	35.12	48.31	26.20	6.52	15.60	11.38	(1)	12.06	13.73
Oklahoma	252.09	82.86	96.17	35.28	60.89	31.23	9.80	19.86	13.00	8.62	20.12	31.31
Oregon	315.80	149.92	40.67	(1)	40.67	25.45	6.06	9.15	76.70	16.10	16.96	15.45
Pennsylvania	278.77	93.66	102.98	54.81	48.17	24.73	9.70	13.75	19.65	21.03	8.70	32.75
Rhode Island	296.60	135.16	115.71	54.39	61.32	23.33	11.07	26.91	(1)	19.43	11.02	15.28
South Carolina	196.52	41.67	98.92	43.79	55.13	27.35	5.27	22.51	24.12	16.70	4.58	10.54
South Dakota	303.34	170.06	100.70	45.85	54.85	27.71	7.79	19.35	(1)	0.86	20.98	10.74
Tennessee	210.86	61.79	106.84	57.42	49.43	28.43	8.03	12.97	2.31	11.12	11.44	17.36
Texas	227.36	103.22	77.75	23.87	53.88	22.71	12.27	18.89	(1)	(1)	13.63	32.77
Utah	292.59	120.99	100.92	62.08	38.92	26.20	4.98	7.74	39.01	10.74	8.09	12.83
Vermont	321.05	128.78	78.84	(1)	78.84	26.40	12.59	39.86	60.11	11.76	23.20	18.36
Virginia	236.04	70.90	82.35	29.24	53.11	27.22	3.46	22.42	42.49	10.88	13.55	15.88
Washington	359.11	110.56	216.18	138.03	78.15	32.11	10.96	35.08	(1)	(1)	11.76	20.61
West Virginia	222.69	59.36	122.62	70.80	51.81	24.23	7.52	19.97	15.08	(1)	12.73	12.90
Wisconsin	362.29	151.07	72.40	23.33	49.07	25.87	10.50	12.69	88.15	24.54	13.70	12.44
Wyoming	350.20	191.70	112.73	62.05	50.68	37.41	5.37	7.90	(1)	(1)	26.01	19.76

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[1] Represents zero or rounds to zero.

Source: 1967 Census of Governments, Bureau of the Census, U.S. Department of Commerce.

[Table 1.—Total personal income, 1968–70, and per capita personal income, 1960–70, by States and regions]

State and region	Total personal income (millions of dollars)			Per capita personal income (dollars)										
	1968	1969	1970 [1]	1960 [2]	1961 [2]	1962 [2]	1963 [2]	1964 [2]	1965 [2]	1966 [2]	1967 [2]	1968 [2]	1969 [2]	1970 [1]
United States	684,442	744,479	797,075	2,216	2,265	2,370	2,458	2,590	2,770	2,987	3,169	3,434	3,699	3,910
New England	43,539	46,922	50,330	2,424	2,492	2,608	2,682	2,805	2,980	3,210	3,454	3,741	3,998	4,235
Maine	2,768	2,987	3,223	1,842	1,824	1,896	1,945	2,114	2,281	2,447	2,549	2,784	3,011	3,243
New Hampshire	2,300	2,489	2,677	2,144	2,201	2,293	2,336	2,425	2,569	2,814	3,001	3,244	3,437	3,608
Vermont	1,310	1,426	1,557	1,842	1,877	1,980	2,013	2,150	2,371	2,645	2,793	3,046	3,262	3,491
Massachusetts	21,141	22,722	24,493	2,457	2,537	2,643	2,722	2,832	2,993	3,213	3,460	3,763	4,022	4,294
Rhode Island	3,279	3,515	3,732	2,219	2,291	2,428	2,510	2,657	2,813	3,059	3,297	3,556	3,771	3,920
Connecticut	12,741	13,784	14,647	2,806	2,886	3,032	3,105	3,227	3,432	3,688	4,001	4,299	4,595	4,807
Mideast	162,853	176,200	189,366	2,566	2,617	2,736	2,820	2,977	3,147	3,365	3,589	3,884	4,184	4,457
New York	75,302	81,384	87,452	2,749	2,810	2,929	3,018	3,193	3,365	3,583	3,841	4,172	4,495	4,797
New Jersey	28,057	30,312	32,678	2,708	2,767	2,893	2,970	3,086	3,273	3,490	3,708	4,005	4,272	4,539
Pennsylvania	39,874	43,182	45,962	2,242	2,256	2,367	2,438	2,595	2,748	2,981	3,171	3,396	3,678	3,893
Delaware	2,048	2,218	2,332	2,758	2,753	2,864	2,994	3,120	3,333	3,438	3,551	3,835	4,107	4,233
Maryland	14,048	15,336	16,770	2,342	2,458	2,559	2,647	2,793	2,969	3,159	3,352	3,682	3,965	4,247
District of Columbia	3,524	3,768	4,172	3,021	3,053	3,216	3,345	3,536	3,717	3,929	4,188	4,530	4,945	5,519
Great Lakes	144,367	156,739	164,997	2,383	2,403	2,518	2,613	2,767	2,999	3,229	3,369	3,641	3,928	4,088
Michigan	32,222	35,010	36,001	2,324	2,297	2,435	2,580	2,773	3,039	3,252	3,377	3,705	3,987	4,043
Ohio	36,928	40,145	42,530	2,335	2,332	2,433	2,518	2,661	2,874	3,109	3,236	3,512	3,801	3,983
Indiana	17,297	18,868	19,651	2,188	2,219	2,354	2,462	2,590	2,843	3,040	3,149	3,396	3,669	3,773
Illinois	43,712	47,340	50,325	2,649	2,716	2,820	2,906	3,048	3,287	3,539	3,718	3,976	4,288	4,516
Wisconsin	14,207	15,376	16,491	2,174	2,215	2,316	2,348	2,506	2,677	2,909	3,043	3,270	3,512	.722
Plains	52,132	56,575	60,112	2,066	2,115	2,236	2,315	2,404	2,654	2,873	3,019	3,249	3,492	3,677
Minnesota	12,258	13,448	14,473	2,114	2,186	2,241	2,356	2,423	2,657	2,872	3,055	3,310	3,579	3,793
Iowa	9,123	9,870	10,499	1,987	2,084	2,184	2,312	2,421	2,760	3,015	3,051	3,255	3,519	3,714
Missouri	15,048	16,085	17,150	2,115	2,166	2,270	2,368	2,482	2,678	2,843	3,043	3,294	3,467	3,659
North Dakota	1,658	1,852	1,812	1,714	1,504	2,152	2,005	1,984	2,318	2,422	2,548	2,670	2,982	2,737
South Dakota	1,875	1,995	2,119	1,782	1,769	1,996	1,905	1,882	2,207	2,460	2,579	2,803	2,986	3,182
Nebraska	4,649	5,230	5,498	2,110	2,108	2,238	2,264	2,351	2,620	2,915	3,029	3,169	3,548	3,700
Kansas	7,520	8,096	8,562	2,158	2,231	2,321	2,399	2,523	2,729	2,994	3,133	3,394	3,621	3,804

Southeast	117,488	128,989	139,077	1,611	1,668	1,756	1,848	1,969	2,123	2,321	2,498	2,730	2,969	3,163
Virginia	14,154	15,441	16,738	1,841	1,899	2,021	2,101	2,274	2,431	2,623	2,826	3,105	3,347	3,586
West Virginia	4,426	4,735	5,103	1,596	1,642	1,711	1,800	1,922	2,064	2,225	2,376	2,511	2,712	2,929
Kentucky	8,478	9,202	9,866	1,576	1,677	1,763	1,852	1,911	2,080	2,281	2,442	2,654	2,877	3,060
Tennessee	10,213	11,189	12,002	1,544	1,623	1,704	1,787	1,894	2,069	2,268	2,407	2,634	2,871	3,051
North Carolina	13,636	15,030	16,244	1,562	1,632	1,737	1,820	1,943	2,084	2,326	2,492	2,725	2,987	3,188
South Carolina	6,381	7,018	7,549	1,379	1,438	1,548	1,605	1,729	1,898	2,117	2,273	2,494	2,731	2,908
Georgia	12,781	14,253	15,102	1,640	1,683	1,785	1,895	2,031	2,203	2,416	2,621	2,852	3,132	3,277
Florida	19,820	22,396	24,559	1,948	1,955	2,026	2,108	2,246	2,384	2,571	2,797	3,081	3,372	3,584
Alabama	8,328	9,116	9,752	1,489	1,512	1,586	1,685	1,796	1,949	2,090	2,212	2,417	2,650	2,828
Mississippi	4,871	5,234	5,680	1,206	1,278	1,328	1,467	1,528	1,669	1,839	1,989	2,195	2,358	2,561
Louisiana	9,809	10,413	11,199	1,656	1,694	1,762	1,861	1,970	2,118	2,321	2,525	2,722	2,877	3,065
Arkansas	4,590	4,963	5,283	1,374	1,496	1,564	1,655	1,785	1,888	2,105	2,228	2,413	2,594	2,742
Southwest	48,141	52,871	57,343	1,923	1,982	2,033	2,109	2,220	2,375	2,586	2,771	3,009	3,238	3,451
Oklahoma	7,200	7,825	8,385	1,862	1,912	1,932	2,001	2,134	2,319	2,504	2,678	2,877	3,087	3,269
Texas	33,247	36,458	39,525	1,926	1,991	2,041	2,125	2,245	2,399	2,632	2,826	3,073	3,301	3,515
New Mexico	2,650	2,879	3,099	1,888	1,941	2,013	2,054	2,104	2,243	2,365	2,464	2,666	2,848	3,044
Arizona	5,044	5,709	6,334	2,032	2,067	2,163	2,213	2,271	2,387	2,553	2,749	2,999	3,287	3,542
Rocky Mountain	14,640	16,066	17,521	2,107	2,149	2,275	2,313	2,372	2,533	2,676	2,810	3,007	3,250	3,486
Montana	2,022	2,172	2,350	2,037	1,970	2,262	2,259	2,256	2,441	2,653	2,732	2,889	3,130	3,381
Idaho	1,886	2,120	2,289	1,850	1,919	2,041	2,066	2,150	2,437	2,447	2,609	2,714	2,999	3,206
Wyoming	998	1,073	1,136	2,261	2,296	2,378	2,412	2,427	2,563	2,755	2,888	3,081	3,261	3,420
Colorado	6,853	7,569	8,331	2,273	2,332	2,404	2,454	2,532	2,671	2,843	2,986	3,233	3,495	3,751
Utah	2,880	3,132	3,416	1,968	2,039	2,163	2,213	2,268	2,377	2,492	2,619	2,799	2,991	3,210
Far West	97,454	105,798	113,473	2,621	2,688	2,800	2,895	3,028	3,163	3,386	3,575	3,878	4,133	4,346
Washington	12,108	13,093	13,679	2,349	2,456	2,595	2,627	2,731	2,921	3,245	3,441	3,703	3,916	3,993
Oregon	6,663	7,261	7,775	2,235	2,276	2,372	2,471	2,606	2,771	2,942	3,097	3,325	3,521	3,700
Nevada	1,783	2,037	2,258	2,856	2,900	3,195	3,195	3,185	3,238	3,393	3,528	3,843	4,244	4,544
California	76,900	83,408	89,761	2,708	2,769	2,873	2,978	3,117	3,241	3,455	3,647	3,965	4,232	4,469
Alaska	1,119	1,258	1,426	2,835	2,670	2,709	2,752	3,006	3,166	3,397	3,690	3,925	4,249	4,676
Hawaii	2,710	3,060	3,429	2,335	2,481	2,573	2,647	2,812	2,892	3,192	3,416	3,769	4,163	4,530

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[1] Preliminary. [2] Revised.

Note: The per capita estimates were computed from a population series prepared by the Bureau of the Census that was adjusted to the 1970 Census of Population count. The population estimates are provisional and subject to change when the Bureau of the Census revises its intercensal State estimates for the 1960 decade.

Detail may not add to totals because of rounding.

Source: U.S. Department of Commerce, Office of Business Economics.

1968 Federal Income Tax, after credits, from statistics of income divided by population for July 1, 1968, from Current Population Reports, p. 25

	Per capita Federal income tax, 1968		Per capita Federal income tax, 1968
United States	$383. 30	Montana	$239. 50
Alabama	214. 50	Nebraska	297. 80
Alaska	375. 50	Nevada	532. 00
Arizona	299. 40	New Hampshire	373. 20
Arkansas	189. 90	New Jersey	487. 40
California	436. 60	New Mexico	233. 50
Colorado	345. 20	New York	516. 60
Connecticut	615. 40	North Carolina	247. 30
Delaware	500. 00	North Dakota	193. 60
District of Columbia	427. 70	Ohio	411. 00
Florida	362. 30	Oklahoma	265. 70
Georgia	270. 10	Oregon	348. 10
Hawaii	372. 80	Pennsylvania	390. 00
Idaho	241. 10	Rhode Island	414. 00
Illinois	499. 80	South Carolina	212. 10
Indiana	373. 80	South Dakota	214. 60
Iowa	312. 20	Tennessee	269. 60
Kansas	308. 70	Texas	331. 40
Kentucky	237. 20	Utah	254. 40
Louisiana	254. 10	Vermont	308. 10
Maine	279. 90	Virginia	332. 40
Maryland	490. 60	Washington	421. 60
Massachusetts	462. 40	West Virginia	249. 90
Michigan	432. 00	Wisconsin	354. 10
Minnesota	328. 00	Wyoming	317. 50
Mississippi	159. 70	Puerto Rico	
Missouri	349. 70		

STATE AND LOCAL TAXES

Please submit a table showing the amount of personal and corporate State and local taxes collected in each State compared with amounts collected in that State through Federal personal and income taxes, and compared with amounts collected through State and local sales taxes in each State. Do you have a rural and non-rural breakdown of these figures? If so, please submit them for the Record of the hearing.

Secretary CONNALLY. The requested table is attached. Data are not available to provide a rural and non-rural breakdown of these figures.

SUMMARY BY STATES

TAX REVENUE OF STATE AND LOCAL GOVERNMENTS, BY TYPE OF TAX, BY STATES: 1966 67

[Thousands of dollars]

Region and State	Total	Property	All sales and gross receipts taxes	General sales and gross receipts	Selective sales and gross receipts				Individual income	Corporation income	Motor vehicle licenses	Other and unallocable
					Total	Motor fuel	Tobacco products	Other and unallocable				
United States	61,000,276	26,047,199	20,530,235	10,123,568	10,406,672	4,872,094	1,726,269	808,306	5,825,666	2,226,633	2,288,506	4,082,042
Regions:												
Northeast	17,722,917	7,643,709	5,031,477	2,303,321	2,728,156	970,460	597,261	160,435	2,391,586	895,248	487,107	1,273,793
North Central	16,429,516	7,899,425	5,380,612	2,780,556	2,600,056	1,297,563	459,172	843,321	1,278,407	241,829	763,630	865,614
South	14,469,172	4,720,070	5,996,190	2,644,311	3,351,880	1,646,863	464,816	240,198	1,204,836	515,964	642,256	1,389,858
West	12,378,671	5,783,995	4,121,956	2,395,380	1,726,580	957,208	205,020	564,352	950,837	573,592	395,513	552,777
States:												
Alabama	677,444	120,228	396,652	204,512	192,140	109,472	28,649	54,019	60,393	29,949	10,000	60,222
Alaska	85,843	21,135	21,346	5,078	16,268	7,077	3,665	5,526	22,692	3,450	4,306	12,913
Arizona	523,708	238,379	212,380	127,274	85,106	50,390	12,441	22,275	26,481	14,407	17,913	14,149
Arkansas	392,538	102,396	187,757	88,644	99,113	63,345	15,045	20,723	31,200	25,131	24,583	21,471
California	7,785,201	4,005,340	2,333,519	1,394,987	938,533	549,062	94,358	295,113	499,470	452,574	208,389	285,908
Colorado	677,713	310,622	211,630	120,213	91,417	52,442	13,443	25,532	78,388	25,799	22,016	29,259
Connecticut	982,567	511,216	311,350	145,636	165,714	64,307	32,392	69,015	(1)	80,071	24,701	55,229
Delaware	177,571	35,249	33,247	(1)	33,247	15,581	5,478	12,188	54,296	12,723	8,314	33,743
District of Columbia	274,930	93,018	96,433	43,450	52,983	14,812	5,110	33,061	64,226	(1)	7,966	13,287
Florida	1,623,102	654,137	734,743	300,873	433,870	177,618	53,677	202,574	(1)	(1)	100,537	133,685
Georgia	1,025,021	321,496	474,905	241,784	233,121	122,721	37,615	72,785	100,562	64,608	25,514	37,936
Hawaii	300,476	60,951	149,345	104,309	45,036	20,211	4,669	20,057	63,512	10,525	9,296	6,846
Idaho	205,153	75,399	64,540	32,774	31,766	19,313	4,535	7,918	31,227	9,579	12,192	12,216
Illinois	3,249,647	1,588,278	1,353,061	791,815	561,246	185,893	102,993	272,355	(1)	(1)	178,227	130,057
Indiana	1,471,327	712,406	504,490	306,881	203,609	130,050	37,650	35,901	158,475	14,462	49,257	32,238
Iowa	918,859	463,227	244,714	113,555	131,159	85,394	24,130	21,635	106,120	11,974	62,581	30,243
Kansas	717,094	360,487	209,332	118,160	91,172	51,898	17,544	21,730	71,028	23,931	29,383	22,933
Kentucky	674,150	182,222	283,676	135,322	148,354	86,619	10,460	51,275	119,465	40,450	18,851	29,486
Louisiana	958,758	196,463	393,916	204,870	189,046	82,410	32,911	73,725	35,758	34,446	14,021	284,088

Maine	253,176	122,767	105,739	54,711	51,028	27,976	10,428	12,624	(1)	(1)	10,956	13,715
Maryland	1,172,414	483,035	349,334	135,974	213,360	90,472	25,228	97,660	215,968	35,663	34,299	54,115
Massachusetts	2,004,170	1,038,923	417,921	128,106	289,815	115,761	66,495	107,559	268,052	56,070	29,645	193,560
Michigan	2,715,219	1,190,403	1,059,601	680,360	379,241	190,848	77,940	110,453	60,557	(1)	102,080	302,657
Minnesota	1,256,352	623,415	198,614	(1)	198,614	88,885	32,693	77,036	247,939	60,604	54,872	61,909
Mississippi	461,302	127,679	254,630	142,565	112,075	69,410	18,638	24,026	10,405	16,977	14,660	36,952
Missouri	1,198,882	490,036	438,064	256,142	181,922	97,297	31,684	52,941	134,962	15,127	62,835	57,858
Montana	212,819	119,237	37,703	(1)	37,703	21,753	6,262	9,688	24,224	7,608	8,890	15,156
Nebraska	389,568	281,800	78,073	(1)	78,073	51,309	12,196	14,568	(1)	(1)	15,606	14,088
Nevada	166,195	66,447	71,207	23,416	47,791	15,843	5,366	26,582	(1)	(1)	8,972	19,569
New Hampshire	176,895	112,138	40,911	(1)	40,911	18,729	9,249	12,933	2,708	(1)	10,830	11,109
New Jersey	2,239,831	1,275,556	661,929	208,312	453,617	148,330	97,284	208,003	10,845	48,479	87,713	155,309
New Mexico	271,792	61,203	132,799	78,193	54,607	32,417	7,540	14,649	11,580	6,460	16,863	42,887
New York	8,423,628	3,318,539	2,159,011	1,080,215	1,078,796	275,808	253,390	949,598	1,856,414	443,738	203,252	442,674
North Carolina	1,129,289	298,445	438,952	201,642	237,310	140,665	(1)	96,645	188,563	98,494	44,465	60,370
North Dakota	178,352	90,950	50,981	23,729	27,252	14,976	4,930	7,346	11,086	3,335	11,250	10,750
Ohio	2,612,117	1,350,953	872,538	367,282	505,256	273,952	68,149	163,155	118,977	(1)	126,108	143,542
Oklahoma	628,958	206,746	239,953	88,023	151,930	77,924	24,446	49,560	32,433	21,510	50,187	78,130
Oregon	631,281	299,698	81,293	(1)	81,293	50,878	12,116	18,299	153,317	32,190	33,895	30,889
Pennsylvania	3,241,835	1,089,222	1,197,598	637,386	560,212	287,542	112,808	159,862	228,502	244,503	101,218	380,792
Rhode Island	266,939	121,647	104,141	48,955	55,186	20,999	9,967	24,220	(1)	17,485	9,918	13,749
South Carolina	510,754	108,300	257,082	113,812	143,270	71,072	13,695	58,503	62,694	43,395	11,902	27,381
South Dakota	204,454	114,618	67,873	30,905	36,968	18,676	5,250	13,042	(1)	583	14,139	7,242
Tennessee	820,669	240,489	415,834	223,461	192,373	110,651	31,242	50,480	8,973	43,278	44,519	67,576
Texas	2,471,205	1,121,846	845,064	259,435	585,629	246,868	133,411	205,350	(1)	(1)	148,102	356,193
Utah	299,608	123,895	103,342	63,491	39,852	26,827	5,101	7,924	39,946	11,000	8,289	13,136
Vermont	133,876	53,701	32,877	(1)	32,877	11,008	5,248	16,621	25,065	4,902	9,675	7,656
Virginia	1,070,679	321,589	373,547	132,652	240,896	123,485	15,693	101,717	192,662	49,340	61,450	72,037
Washington	1,108,570	341,304	667,343	425,822	241,521	99,111	33,832	108,578	(1)	(1)	36,299	63,624
West Virginia	400,388	106,732	220,466	127,302	93,163	43,738	13,518	35,907	27,119	(1)	22,846	23,186
Wisconsin	1,517,645	632,852	303,271	97,727	205,544	108,385	44,000	53,159	369,240	102,813	57,372	52,097
Wyoming	110,312	60,385	35,509	19,545	15,965	11,784	1,692	2,489	(1)	(1)	8,193	6,225

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[1] Represents zero or rounds to zero.

Note: Because of rounding, detail may not add to totals.

Source: 1967 Census of Governments, Bureau of the Census, U.S. Department of Commerce.

INDIVIDUAL RETURNS/1968—HISTORICAL SUMMARY

NUMBER OF RETURNS, ADJUSTED GROSS INCOME, AND INCOME TAX BY STATES, 1959-68

[Taxable and nontaxable returns—In million dollars]

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
Federal individual income tax after credits:										
United States[1]	38,653	39,545	42,271	44,893	48,200	47,160	49,525	56,071	62,899	76,611
Alabama	374	384	399	436	473	480	503	593	629	765
Alaska	42	56	56	60	69	64	76	77	88	104
Arizona	235	254	275	299	321	303	302	328	393	500
Arkansas	167	165	182	215	232	225	233	277	307	382
California	4,422	4,517	4,955	5,281	5,714	5,566	5,592	6,237	7,005	8,382
Colorado	359	399	444	456	476	438	442	497	565	707
Connecticut	803	835	899	947	1,046	1,019	1,091	1,257	1,479	1,821
Delaware[2]	169	167	171	....	194	214	230	218	229	267
District of Columbia[3]	275	273	....	....	297	288	280	299	314	346
Florida	847	851	936	1,002	1,090	1,139	1,226	1,376	1,691	2.232
Georgia	490	517	554	616	695	723	778	901	976	1,239
Hawaii	129	154	180	167	177	175	178	210	234	290
Idaho	103	104	107	108	118	107	115	130	146	170
Illinois	2,867	2,951	3,124	3,306	3,424	3,398	3,581	4,094	4,574	5,465
Indiana	942	997	1,020	1,111	1,197	1,156	1,244	1,429	1,569	1,894
Iowa	453	477	503	506	539	536	570	657	706	858
Kansas	375	396	427	450	485	440	445	510	568	711
Kentucky	378	376	402	451	472	468	490	585	621	786
Louisiana	502	448	479	502	562	542	580	709	797	948
Maine	134	148	157	167	167	173	177	193	221	274
Maryland[3]	788	802	1,115	1,252	1,073	1,083	1,148	1,350	1,478	1,843
Massachusetts	1,283	1,362	1,411	1,493	1,587	1,520	1,579	1,774	2.050	2,514
Michigan	1,821	1,908	1,892	2,107	2,315	2,361	2,582	2,934	3.154	3.776
Minnesota	619	641	691	707	765	733	763	867	990	1,198

Mississippi	156	164	166	189	217	213	230	276	307	374
Missouri	864	884	939	980	1,087	1,014	1,095	1,193	1,338	1,618
Montana	122	110	120	119	130	119	129	142	153	166
Nebraska	242	262	302	291	310	291	295	345	379	428
Nevada	81	89	110	125	149	144	143	155	172	241
New Hampshire	115	125	133	141	156	146	156	190	216	262
New Jersey	1,695	1,739	1,909	2,028	2,180	2,102	2,279	2,469	2,844	3,450
New Mexico	152	145	157	164	173	160	173	183	200	237
New York	5,097	5,077	5,629	5,779	6,107	5,969	6,165	6,774	7,796	9,358
North Carolina	500	520	578	642	705	696	784	907	992	1,270
North Dakota	73	75	73	89	95	90	92	99	112	121
Ohio	2,295	2,385	2,433	2,558	2,738	2,667	2,890	3,253	3,521	4,353
Oklahoma	363	364	404	407	437	438	442	488	588	669
Oregon	387	383	392	418	471	476	468	530	587	699
Pennsylvania	2,606	2,586	2,635	2,776	2,973	2,945	3,099	3,468	3,803	4,568
Rhode Island	182	186	209	215	231	230	241	280	305	378
South Carolina	226	227	257	292	310	313	342	414	462	571
South Dakota	69	77	91	96	100	87	89	106	113	141
Tennessee	456	474	509	613	606	601	653	781	842	1,072
Texas	1,689	1,693	1,866	1,973	2,108	2,028	2,122	2,504	2,866	3,636
Utah	149	153	175	183	195	185	178	188	212	263
Vermont	55	56	60	62	71	72	71	88	100	130
Virginia	633	676	734	813	870	885	947	1,086	1,241	1,518
Washington	661	662	734	781	828	751	787	969	1,131	1,381
West Virginia	262	269	273	273	303	302	304	345	374	451
Wisconsin	805	843	851	896	954	925	975	1,119	1,259	1,492
Wyoming	68	71	72	74	84	70	68	75	85	100
Other areas [4]	75	69	83	94	122	92	103	130	145	183

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[1] Includes data for "Other areas" described in footnote 4.

[2] For 1962, data for Delaware are not shown separately. However, the data are included in the United States totals.

[3] For 1961–1962, data for District of Columbia are included in the statistics for Maryland.

[4] Includes data for returns of bona fide residents of Puerto Rico, U.S. citizens residing abroad, in the Virgin Islands, and in Panama Canal Zone.

Source: IRS: Statistics of Income.

If, as has been stated, the general revenue sharing payments might be allocated to as many as 38,000 different units of general government, how much could a typical rural county in an area of population decline, for example, in Virginia or the Great Plains, expect to receive from the $5,000,000,000 annual payment? Will each rural county be assessed a pro rata share of the general revenue sharing funds based upon some objective criterion?

Secretary CONNALLY. Every county in the nation, whether urban or rural, will share in the revenue sharing fund proposed by the Administration. The formula in the bill specifies that each county's share be based upon the amount of general revenue it raises compared with other local units of government. This share is distributed automatically, unless the state and its local governments agree on an alternative distribution formula.

It is difficult to determine how a "typical" rural county is an area of population decline will fare under the Administration's proposal. However, as an example picked at random, the ten rural counties in Kansas with the largest population decline during the last decade would receive an average of $15.98 per capita under the Administration proposal.

To what extent will county government, school districts, and other municipalties and public instrumentalities in rural areas share in the general revenue sharing payments? Is there a special safeguard in this regard for governments in rural places (places smaller than 2500 population) as there is for larger cities? In some of the special revenue sharing proposals 80% or more of the money is reserved for places larger than 100,000 population. Do you care to comment on this from the rural standpoint?

Secretary CONNALLY. All general purpose local governments which raise revenue are included in the distribution of funds under the Administration's general revenue sharing proposal. All counties, cities and townships receive the assurance they will receive funds, no matter what their population. That is, under the formula included in the proposal, they will receive a definite portion of the funds allocated to their state automatically.

Please provide for the Hearing Record the original proposal respecting the Coöperative Extension and the one subsequently submitted. What happened during the interval between the two submissions that brought about the changes?

Secretary HARDIN. There has only been one rural revenue sharing proposal submitted to Congress by the Secretary. That occurred on April 6, 1971.

The question often arises with respect to these revenue sharing proposals that the Government unit that spends funds should have the built-in self-discipline of making the decisions to raise those funds. Rural revenue sharing proposal requires no State matching funds. Would you care to put your comment on this issue at this point in the Record?

Secretary CONNALLY. We don't believe revenue sharing separates the responsibility for taxing from the act of spending. The Congress here is making a spending decision—to spend a portion of Federally raised revenues for state and local government purposes. Responsibility and accounability for those funds will be decentralized. But in the revenue sharing case, this delegation of authority will run to elected State and Local officials rather than to employees of the Federal Government.

And for those who perceive revenue sharing as violating this principle of keeping taxing and spending together at one level of government, they should consider whether such a violation is as serious as the Federal Government's current practice of appropriating a relatively small portion of funds for States and localities, but influencing and controlling a far greater amount of their spending.

In view of the varying median family incomes and levels of business activity and profits among the different States, it appears obvious that the advantages to the different States of (a) a tax credit against the Federal personal and corporate income tax would be quite different from (b) the proposed general and special revenue sharing proposals. Please provide for the Hearing Record a table indicating, with four columns, the following:

State	Federal income tax collected	Payment or tax credit to State	
		Revenue sharing proposal	Tax credits
U.S. total		$5,000,000,000	$5,000,000,000
Alaska			
Arizona			
Other States			

Secretary CONNALLY. The attached table shows state-by-state amounts for (1) $5 billion in general revenue sharing funds, (2) a hypothetical $5 billion credit against federal income taxes for payment of state and local taxes, and (3) actual federal individual income tax payments for 1968.

There are many difficulties inherent in analyzing the impact of tax credits. Due to variations in tax credit proposals, the differences among state and local income taxes, and the difficulty of predicting state and local legislative responses to the enactment of a federal tax credit, it is virtually impossible to predict the revenue gain to a particular state from a tax credit. Therefore, it is conceptually more useful to focus on a reasonable tax *base*—assuming that the state will be able and willing to pick up the full amount of the credit.

The base used in the attached table is actual federal individual income tax payments for 1968. It is assumed for purposes of analysis that all states would enact an income tax to pick up the full value of any federal tax credit given to their citizens. Different assumptions and different credit proposals will produce substantially different distributional results.

[In millions]

	General revenue sharing	Income tax credit	Federal income tax after credits, 1968
U.S. total	$5,000.0	$5,000.0	$76,611
Alabama	82.0	50.0	765
Alaska	8.5	7.0	104
Arizona	51.5	32.5	500
Arkansas	43.0	25.0	382
California	590.0	549.0	8,392
Colorado	60.0	46.5	707
Connecticut	59.0	119.0	1,821
Delaware	13.5	17.5	267
District of Columbia	23.0	22.5	346
Florida	167.5	146.0	2,232
Georgia	107.5	81.0	1,239
Hawaii	23.5	19.0	290
Idaho	20.0	11.0	170
Illinois	220.0	359.0	5,485
Indiana	116.0	124.0	1,894
Iowa	74.5	56.0	858
Kansas	54.0	46.5	711
Kentucky	78.0	50.0	766
Louisiana	101.5	62.0	948
Maine	23.0	18.0	274
Maryland	92.5	120.5	1,843
Massachusetts	136.0	164.5	2,514
Michigan	229.0	247.0	3,776
Minnesota	107.5	78.0	1,196
Mississippi	61.5	24.5	374
Missouri	96.5	106.0	1,618
Montana	19.0	11.0	166
Nebraska	39.0	28.0	428
Nevada	14.0	16.0	241
New Hamphsire	15.0	17.0	262
New Jersey	154.0	225.5	3,450
New Mexico	32.0	15.5	237
New York	534.0	612.5	9,358
North Carolina	113.5	83.0	1,270
North Dakota	20.5	8.0	121
Ohio	212.5	285.0	4,353
Oklahoma	63.5	44.0	669
Oregon	57.0	45.5	699
Pennsylvania	246.0	299.0	4,568
Rhode Island	21.0	24.5	378
South Carolina	56.5	37.5	571
South Dakota	19.0	9.0	141
Tennessee	87.0	70.0	1,072
Texas	243.0	238.0	3,636
Utah	28.5	17.0	263
Vermont	12.0	8.5	130
Virginia	104.5	99.5	1,518
Washington	92.0	90.5	1,381
West Virginia	41.5	29.5	451
Wisconsin	124.5	97.5	1,492
Wyoming	11.5	6.5	100

How much has inflation added to the costs of State and local government operations? If the revenue sharing proposed had been in operation, would this situation have been ameliorated?

Secretary CONNALLY. The best overall measure of the cost trend of state-local operations is the price deflator for state-local government purchases of goods and services. The Department of Commerce estimates that this deflator rose 54 percent between 1960 and 1970, and 32 percent between 1965 and 1970.

During the same 10 and five-year periods, the private GNP deflator rose 27 percent and 20 percent, respectively; while the deflator for Federal Government purchases of goods and services rose by 41 percent and 28 percent, respectively.

It should be noted that public sector outlays for employee compensation, under national income accounting convention, are treated as strictly inflationary—with no offsetting productivity gains assumed. This is an important distinction to bear in mind when comparing public sector deflators with private sector deflators, and when looking at the state-local deflator (states and localities have a much higher labor component in their expenditures than does the Federal Government). Nevertheless, inflation has been a significant force behind increased state and local cost pressures.

If general revenue sharing had been in operation during these years, it no doubt would have helped state and local governments meet the rising costs of their programs.

RELATIONSHIP OF STATE REVENUES TO AMOUNTS OF REVENUE SHARES

What percentage of total State revenues would be represented by each State's share of the $5 billion general revenue sharing proposal?

Could you give us a table by States showing the above requested information? What percent of total revenue would be represented by the rural revenue sharing in each State?

Secretary CONNALLY. The table requested follows:

	General revenue sharing as percentage of 1969 total State revenue	Rural special revenue sharing as percentage of 1969 total State reveune
United States	6.44	1.41
Alabama	7.01	2.70
Alaska	3.39	2.39
Arizona	6.71	1.05
Arkansas	7.15	1.94
California	5.75	.28
Colorado	7.25	1.23
Connecticut	5.94	.37
Delaware	5.44	.57
District of Columbia	3.07	
Florida	8.54	1.10
Georgia	7.36	2.57
Hawaii	4.45	.36
Idaho	6.78	2.75
Illinois	6.73	.91
Indiana	7.44	1.40
Iowa	6.94	2.67
Kansas	7.64	2.86
Kentucky	6.34	5.33
Louisana	6.46	1.45
Maine	6.74	3.14
Maryland	6.83	.94
Massachusetts	6.45	.30
Michigan	5.91	.54
Minnesota	6.69	1.84
Mississippi	7.85	4.42
Missouri	7.45	2.20
Montana	6.48	3.07
Nebraska	9.20	3.13
Nevada	5.49	1.30
New Hampshire	5.95	1.82
New Jersey	6.75	.59
New Mexico	5.89	2.08
New York	5.82	.47
North Carolina	6.76	2.82
North Dakota	7.62	3.86
Ohio	6.02	1.01
Oklahoma	6.32	2.26
Oregon	6.07	1.06
Pennsylvania	5.90	1.12
Rhode Island	5.53	.45
South Carolina	7.05	3.28
South Dakota	8.41	4.41
Tennessee	7.71	3.77
Texas	7.74	1.63
Utah	6.16	1.16
Vermont	5.22	1.61
Virginia	6.33	1.64
Washington	50.2	.64
West Virginia	5.47	8.59
Wisconsin	6.90	1.26
Wyoming	5.37	2.66
Puerto Rico		

RED TAPE IN HOUSING AND URBAN DEVELOPMENT

In the course of your testimony you spoke of red tape and of lower grade Federal employees bogging down the Administration of otherwise good programs. You requested an opportunity to make a full statement concerning this matter. Please provide the statement for the Record, for each separate program administered by your Department the following:

(a) the number of pages (or other appropriate measure) of detailed rules and standards that appear in the text of the authorizing legislation enacted by Congress;

(b) the number of pages (or other appropriate measure) of rules, regulations, procedural requirements, and policy statements established and promulgated by (I) the Office of the Secretary; (II) the Office of the Assistant Secretary of the group in which the program is administered; and (III) by the Administrator, or other head, of the agency, office, or bureau administering the program; and

(c) indicate for each program (I) how much of the instructional material reported in (b) is directly required by specific legislative provisions reported in (a); and (II) how much of the instructional material reported in (b) was issued, at the discretion of the officials named, to amplify, extend, further interpret and expand specific provisions of the legislation and to establish Departmental procedural, policy, and organizational requirements and instructions.

You testified you had been able to reduce the latter (c)(II) by more than half for some programs. Would you care to amplify your statement in this regard?

Could you give us an estimate, based on your experience, of the proportion of Departmental regulations and procedural material issued by your Department is really unnecessary and not required by law?"

Secretary ROMNEY. The statement called for in this question will be combined with the answers to the specific information requested.

This Department administers about 500 pages of statutes, as set forth in the compilation "Basic Laws on Housing and Urban Development", a committee print of the House Committee on Banking and Currency. This figure is only approximate, and would vary depending upon how one counted statute pages dealing with obsolete or inactive programs or those under which this Department shares some measure of responsibility with another agency.

Many of these statutes are complex and technical, a fact which contributes to the need for administrative and explanatory materials. As the Department issues its directives, procedures and guidelines through a Unified Issuance System, applicable to all levels of the Department, these materials are not separated according to the different offices or subordinate units. By program, however—allowing again some margin for arguable decisions as to whether to include particular items—we estimate the number of pages for such materials as follows—

Comprehensive planning assistance (701) program	241
Urban development training grant program	39
New communities development program	19
Urban renewal programs	1,838
Model cities program	530
Water and sewer grant program	41
Open space land program	144
Neighborhood facilities grant program	143
Public facilities loan program	10
FHA mortgage insurance programs (covering some 40 programs, with many instructions pertaining to a number of programs)	7,000
Low-rent public housing program	1,200
College housing program	200
Housing management (management aspects of housing programs)	1,153

All of the above material is authorized by law. While relatively little of it is specifically required in the sense that the authorizing statute directs that a particular kind of regulation be issued, much of it is required either by law or strong legislative policy in the sense that we are obligated to disclose to the public and those dealing with us our procedures and the rules which are in fact followed in passing upon applications or in taking any of the many other actions which statutes leave to administrative discretion. Thus, it is difficult to divide administrative material by pages of the various issuances to show how much is statutory or legally required, and how much is administrative.

We have, however, made relevant studies in many areas of specific administrative *requirements* which those applying for or receiving assistance are required to meet. Thus, in connection with community development programs, we estimate that about 50 percent of these requirements may be regarded as based directly on statute or basic statutory interpretation, with the remaining 50 percent reflecting administrative determination as to what would be desirable or prudent in order to assure efficiency, effectiveness, protect funds or the like.

These figures for requirements are significant because they tend to reflect the number of decisions that are essential to administration and that must be made whether or not their basis or purpose, or the procedures which govern them, are set forth or described in our published rules or guidelines. In other words, in a given program we might publish no rules or materials to guide applicants and others, but still be in a position where dozens of separate decisions would still have to be made on any application received, simply to comply with minimum requirements of our own laws and other general legislation applicable to the program in question (e.g., legislation relating to labor standards, relocation and property acquisition standards, environmental considerations, civil rights). And as seen by an applicant, many of these decisions, and the requests for data or information they entail, of course are likely to come out as "red tape."

The point is that there are significant limits on the amount of simplification that can be achieved by even the most vigorous pruning of administrative procedures and requirements, given the present statutory and program structure. Thus, in the case of urban renewal, a complete analysis of local and Federal actions from preapplication to project execution resulted in recommendations that will reduce the items of documentation required by applicants by 48 percent and the number of processing steps by 40 percent. Yet the documentation items would still total 149 and the processing steps 398.

In some areas, a substantial improvement in what can be achieved administratively could result from statutory consolidations. This is particularly true in the case of our housing programs which have grown so numerous that administration is almost an impossibility. Consolidation of this confusing, overlapping array of programs is essential to effective, prompt and flexible administration, and we have accordingly recommended this year—as we did last year—that Congress enact legislation that would convert this muddle of programs into eight basic authorities.

But where it is possible, and makes sense in terms of existing programs and the ability of State and local governments to pick up the burden, we should be prepared to go beyond consolidations. With special revenue sharing we can make progress in eliminating "red tape" that cannot possibly be matched in any other way. And this is only one of the advantages of what the President has proposed.

You indicated in your testimony that the Federal government had monopolized the progressive income tax thus forcing State and local governments to rely upon regressive and depressive forms of taxation such as property and sales taxes. Is there any Constitutional provision or Federal law that prohibits or limits a State, school district, or municipality from levying a progressive income tax and to substitute [sic] the collections, at least in part, for proceeds of existing real property and sales taxes?

Secretary ROMNEY. Since enactment of the Federal income tax in 1916, the Federal Government has relied increasingly upon the Federal income tax as its major source of revenue. On the other hand, State and local governments have relied upon property and sales taxes as the principal source of their revenues. This is not to say that State and local governments do not or cannot employ an income tax of their own.

The fact of the matter is that 37 of the 50 States and the District of Columbia make use of a personal income tax as a source of revenue; and another 3 States tax some elements of personal income. Also, 43 States collect a corporate income tax. The growing importance of income taxes as a source of state revenue is evidenced by the fact that state income tax collections rose from $2.8 billion in 1959, or 15 percent of total state tax revenues, to $10.7 billion or 22 percent of total state general revenues (taxes, charges and miscellaneous general revenues) in 1968–69.

In addition, according to the Advisory Commission on Intergovernmental Relations, at the end of 1970, about 3,700 municipalities were collecting local income taxes. However, Census Bureau data indicate that for fiscal years 1968–69 local government income taxes accounted for only $1.4 billion or 3 percent of total local government general revenues.

In stating that the Federal Government has "largely preempted the income tax," I was referring to the fact that with the Federal Government income tax rate as high as 70 percent there isn't much room for State and local income taxes to grow. Undoubtedly, this factor explains, in large part, why there is no steep progression of tax rates in the state and local income taxes such as we find under the Federal income tax. In fact, tax experts tend to regard state and local income taxes as "proportionate" rather than as "progressive" taxes.

In view of the foregoing, there is neither a Federal constitutional provision nor a Federal law that in any way prohibits or limits a State or local government from levying a progressive income tax. But given the practicalities cited above, there isn't much room for a progressive income tax rate structure. Under the circumstances, unles the Federal Government is able to provide the funds needed by State and local governments through revenue sharing, both general and special revenue sharing programs which the Administration has submitted to the Congress, one can expect that State and local governments will continue to rely upon property and sales taxes, which are unquestionably regressive, as detailed in my response to the following question.

COMPARATIVE IMPACTS OF FEDERAL VERSUS STATE TAXES

In this regard, please supply for the Record of the Hearings, such evidence as you may have that the sales and property taxes of the States and local governments bear more heavily in their impact and incidence on the lower income groups than upon the higher income groups among their residents. Please also show the comparative incidence and impact of Federal personal and corporate income taxes on the several income groups included in your presentation of the incidence of State and local sales and property taxes. Please include any statement you wish to make concerning the superiority of the Federal tax structure over the tax structure of typical State and local governments.

Secretary ROMNEY. Enclosed are four tables that demonstrate that State and local government property taxes and sales taxes bear more heavily on low income groups, a tax incidence usually regarded as "regressive." The first three tables also show hat Federal income taxes bear more heavily on upper income groups, a tax incidence generally characterized as "progressive."

Table 1 shows that in 1961 the ratio of the Federal personal income tax to income rose progressively from 2.0 percent for those with incomes under $2,000 to 17.6 percent for those with incomes of $15,000 or over. For the corporate income tax, assuming that 50 percent of the tax is shifted forward to the consumer, the degree of progressiveness is much milder, with some indication that a heavier burden is borne by persons in he lowest income classes. In contrast, Table 1 clearly demonstrates that both State and local sales taxes and property taxes are regressive, with the sales tax to income ratio decreasing from 5.7 percent for families with incomes under $2,000 to 2.5 percent for those with incomes of $15,000 or more. Property taxes as a percent of income drops from 6.7 percent for those with incomes under $2,000 to 2.4 percent for those with incomes of $15,000 or more.

Table 2 shows the same patterns for 1966, namely, as incomes rise, the proportions spent for Federal income taxes increase while the proportions spent for property taxes and sales taxes decrease. The table indicates that the regressive pattern applies to State and local gasoline taxes as well as to general sales taxes; in fact, the drop in the ratio for gasoline taxes is much sharper for gasoline taxes than for general sales taxes. Interestingly, the table also indicates that State and local income taxes rise more than proportionately as the level of income increases, i.e., they too are progressive taxes.

Table 3 shows the relative incidence of various taxes for the same group of people residing in Wichita, Kansas in 1958–59. As will be noted, in this more specific study, the proportion of income spent for Federal income taxes rose as income increased, while the proportions spent for residential property taxes and sales taxes decreased as income became larger.

Table 4 shows that the property tax is regressive whether it is paid on owner-occupied single family houses or on renter-occupied housing. In fact, as income rises, the proportion spent on property taxes drops more sharply for rental housing units than for single family homes.

It would be inappropriate to assert that the Federal tax structure is "superior" over the typical tax structure of State and local governments. Each is designed for a different purpose. Aside from defense expenditures, a large proportion of the Federal Government budget involves some form of income redistribution, sometimes termed "transfer payments." These transfer payments are best accomplished through a progressive tax system under which the heaviest tax burdens fall upon those who are best able to shoulder them, i.e., persons with higher incomes.

It is significant in this respect that, while sales taxes and property taxes are the mainstays of State and local government revenues, accounting for 60 percent of their "general revenues from own sources" in 1968–69, a large portion of State and local government expenditures went for transfer payments. Thus in 1968–69, such governments spent $12.1 billion for welfare and another

$33.8 billion spent for local schools (a sizeable proportion of which is increasingly regarded as transfer payments). In other words, to a considerable extent, State and local governments are taxing persons with low incomes in order to help support other persons with low or no incomes.

The indicated tables are as follows:

TABLE 1.—INCIDENCE OF FEDERAL, STATE, AND LOCAL TAXES UPON INCOME,[1] BY INCOME CLASS—1961

[In percent]

Income class	Federal personal income tax	Federal corporate income tax [2]	State and local sales excise and other taxes	State and local real and personal property taxes
Under $2,000	2.0	4.4	5.7	6.7
$2,000 to $2,999	3.4	4.3	5.3	5.1
$3,000 to $3,999	4.9	5.3	5.3	4.7
$4,000 to $4,990	7.0	3.6	4.9	4.2
$5,000 to $5,999	7.5	3.9	4.9	4.0
$6,000 to $7,499	8.4	3.3	4.5	3.8
$7,500 to $9,999	9.6	3.4	4.2	3.5
$10,000 to $14,999	10.9	5.2	3.8	3.1
$15,000 and over	17.6	10.7	2.5	2.4
All classes	9.0	4.6	4.3	3.8

[1] Broad income concept, aggregate equals "net national product."

[2] Assume ⅓ of corporate income tax is shifted forward.

Source: Tax Foundation, Inc. Allocating Tax Burdens and Government Benefits by Income Class (Government Finance Brief No. 8 January 1967) p. 4.

TABLE 2.—FEDERAL INCOME TAXES PAID AND TAXES DEDUCTED AS A PERCENTAGE OF ADJUSTED GROSS INCOME 1966 BY INCOME CLASS

Adjusted gross income	State and local income tax	Real estate taxes	Personal property taxes	General sales taxes	State and local gasoline taxes	Federal income taxes paid
Under $2,000	0.5	4.4	0.3	1.6	1.4	3.5
$2,000 to $3,000	.6	3.1	.3	1.5	1.2	5.2
$3,000 to $4,000	.6	3.1	.3	1.5	1.1	6.1
$4,000 to $5,000	.7	2.7	.3	1.5	1.0	6.9
$5,000 to $7,000	.8	2.4	.2	1.4	1.0	7.6
$7,000 to $10 000	1.0	2.7	.2	1.3	.8	8.8
$10,000 to $15,000	1.1	2.6	.2	1.2	.6	10.1
$15,000 to $20,000	1.5	2.5	.2	1.1	.5	13.6
$20,000 and over	2.6	1.8	.2	.6	.2	24.4

[1] Adjusted gross income of returns with itemized deductions.

Source: Internal Revenue Service "Statistics of Income 1966, Individual Income Tax Returns" tables 24 (pp. 56, 58) and 29 (p. 65).

TABLE 3.—EFFECTIVE RATES OF SELECTED TAXES BY INCOME CLASSES, WHICITA, KANS., 1958-59

[In percent]

Income class	Federal income tax	Residential property tax on homeowners	Personal property tax	Sales tax
Under $2,000	5.2	16.1	1.9	2.2
$2,000 to $2,999	5.7	8.4	1.5	1.6
$3,000 to $3,999	8.8	4.8	.7	1.6
$4,000 to $4,999	8.1	3.8	.9	1.5
$5,000 to $5,999	9.2	3.5	.7	1.5
$6,000 to $7,499	9.4	3.1	.8	1.5
$7,500 to $9,999	12.1	2.8	.9	1.2
$10,000 and over	19.5	2.5	.7	1.0

Source: Jack E. Robertson, "Comparative Tax Burdens for a Midwestern City" National Tax Journal vol. XV, No. 3 (September 1962) p. 311.

TABLE 4.—PROPERTY TAXES PAID ON HOUSING UNITS 1959-60, BY INCOME OF OCCUPANT (ESTIMATED EFFECTIVE RATE OF REAL ESTATE TAX)

[In percent]

	Property taxes paid on owner-occupied single family houses	Estimated property taxes paid on renter occupied nonfarm housing
Under $2,000	6.43	8.49
$2,000 to $3,000	4.53	3.92
$3,000 to $4,000	3.70	2.95
$4,000 to $5,000	3.25	2.47
$5,000 to $7,000	3.11	2.06
$7,000 to $10,000	2.81	1.75
$10,000 to $15,000	2.55	1.62
Over $15,000	2.29	1.35
All classes	2.91	2.40

Source: Dick Netzer, Economics of the Property Tax (Washington, D.C., The Brookings Institution, 1966) pp. 50, 52.

In view of your quotation of Governor Lucey's comments as reported in The New York Times, the Subcommittee would appreciate your further comments on the quotations attributed to Governor Lucey by a leading article in the Washington Post of several Sundays ago and to various Mayors who were interviewed that moneys received from revenue sharing, if enacted, would be almost wholly used for reducing, or at least slowing down the increase of, real property and sales taxes in their jurisdictions. Would you care to express your opinion, as former Governor, of his projected use of rural revenue sharing funds?

Secretary ROMNEY. The article "Tax Sharing and Tax Relief" which appeared in the Washington Post on May 9 indicates that it was based on a survey that relates to *general* revenue sharing. The information and views collected, as the article specifically states, did not pertain to the President's special revenue sharing proposals, of which rural community development special revenue sharing is one.

General revenue sharing funds are available for *governmental purposes generally and are over and above* amounts currently provided under the categorical programs or the special revenue sharing funds that would replace many of these programs. Unlike special revenue sharing funds, they do not replace existing Federal assistance supporting activities within particular categories and can be applied to tax relief purposes (i.e., used to replace State or local funds supporting a particular activity) without terminating or reducing existing levels of governmental service.

Special revenue sharing funds—such as those that would be made available for rural community development—do not provide a similar option. They could be used to replace State or local funds now supporting a given activity benefiting rural residents but this would, in effect, be at the expense of something else currently being assisted and benefiting rural residents. Thus, while "tax relief" may be not only a legitimate but attractive objective so far as general revenue sharing is concerned, especially in view of the regressive nature of some State and local taxes, it is no more attractive in the case of special revenue sharing than when a State or locality is considering today whether to terminate or reduce its support of a service or activity in which local citizens (and voters) have an interest.

The letter from the Department of Interior responding to a question referred by Secretary Hardin follows:

UNITED STATES DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washingon, D.C., June 30, 1971.

Hon. HUBERT H. HUMPHREY, *Chairman, Subcommittee on Rural Development, Committee on Agriculture and Forestry, U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: In response to your letter of May 25, 1971, to Secretary of Agriculture Hardin, I have been asked to respond to his question 133 for the record of the April 23 hearing held before your Rural Development Subcommittee of the Senate Committee on Agriculture and Forestry. The question and our response are:

Question. Please provide the Hearing Record with your best estimate of the capital investment required to establish needed public and private outdoor recreation facilities and services in rural areas. How much should be private? How much should be public? How much publicly assisted?

Answer. The assessment of needed outdoor recreation facilities and services in rural areas must be made in the context of the needs of the Nation as a whole. Substantial capital investments by public agencies have been and are being made in rural areas of the Nation. Substantial acreages have been acquired for national, State, and regional parks, seashores, forest lands, wildlife areas and wetlands, and water resource development projects which meet outdoor recreation needs.

However, while continuing the ongoing public outdoor recreation programs, there is a need to redress the recreation imbalances which have occurred over time in urban areas. Action has been taken through President Nixon's Legacy of Parks program to provide increased outdoor recreation opportunities to urban areas. This objective is being accomplished by such actions as full funding of the Land and Water Conservation Fund program, allocating a larger percentage of the increased Land and Water Conservation Fund Budget to the grants program, the redirection of the State portion to meet urban needs, and significantly increased funding of the HUD Open Space program. Privately owned recreation facilities, which are used for about 45 percent of all recreation visits, can be expected to meet the demands expressed in the marketplace for outdoor recreation opportunities and services.

Sincerely yours,

HARRISON LOESCH,
Assistant Secretary of the Interior.

Senator HUMPHREY. All right. The hearing is recessed. We will be back at 2 o'clock.

(Whereupon, at 12:30 the subcommittee recessed, to reconvene at 2 p.m. on the same day.)

AFTERNOON SESSION

Senator HUMPHREY. Mr. Brown, we appreciate your patience.

I might say that we may have another vote here in another 20 minutes or so, so we will try to do the best we can within the limitations of our time.

We would like very much to hear from you in reference to your findings in the Census Bureau as to the migration of people, particularly from the rural areas to the large cities, the rural areas to the less-than-large cities. In other words, what is the demographic pattern as you see it now and what do the projections indicate if nothing intervenes to change what the present trend is? How do you envision the face of America in terms of population distribution let us say 10 years from now, 20 years from now, 30 years from now? Also, I would be very interested in getting some information from you about the percentage of population in cities of certain sizes; for example, what is the percentage of population now of cities a million and over in America, cities from 500,000 to a million, from 50,000 to 500,000, communities under 50,000, and then what would it look like in terms of projections? You get the difference, there—what the percentages are now as a result of the 1970 census; what would the projections be for the next quarter of a century; what percentage of people are living in what we call the center cities—or the core cities and percentages in suburbia?

We would also be interested in any information you have on the age and the education of migrants. Are these the young that are coming from the rural areas into the cities or are they the old—what is their educational background, if you have any way of measuring that?

Those are some general questions around which we would hope you could build your testimony.

STATEMENT OF DR. GEORGE HAY BROWN, DIRECTOR, BUREAU OF THE CENSUS, U.S. DEPARTMENT OF COMMERCE

Mr. BROWN. I have been listening to your comments and we can provide data on each one of those items. Some of them we can provide now, others will have to wait until we complete the tabulation of the 1970 census, particularly the long-form questionnaires which contain some of the detail on migrants.

I think the best way would be to transmit to you by letter an answer to those specific questions or any others that your staff may have.

Senator HUMPHREY. Very good.

Mr. BROWN. We can then provide you orally or in writing any further information. But none of the questions that you raised are beyond the capabilities of the Bureau providing information.

Senator HUMPHREY. We will extract from the record this part of our colloquy and present it to you. Also, if you would permit us, we will try to refine these questions in some more depth by letter to you, and you in turn in your Bureau can reply for the purposes of the record.

Mr. BROWN. I would like to make clear that the projections we make will have to be an estimate and are subject to all of the limitations——

Senator HUMPHREY. Of course, we understand that. We are just trying to get an overall profile, so to speak. We will have some other questions. During the noon hour I jotted down, with a member of my staff, some things that we might want to ask you, and we will develop those in more detail.

Go right ahead. We appreciate your time here.

Mr. BROWN. I think it might be useful if I were to read the statement, because I think it contains elements of the information you desire. Then I will be happy, within the time we have, to comment beyond it as far as I can.

The total population of the United States increased by about 24 million persons between 1960 and 1970. This was the largest decennial gain in absolute numbers for any decade except that of the 1950's. The percentage increase of 13.3 was the smallest for any decade in American history except that of the depression 1930's.

We find ourselves in this situation of the absolute number rising but the percentage again falling. I am willing to talk about the tapering down, if you will, in the total population.

Senator HUMPHREY. Yes, we would like to have you do that, sir.

Mr. BROWN. Gains and losses were very unevenly distributed throughout the United States. Three States lost population—North

Dakota, South Dakota, and West Virginia. West Virginia had also lost during the 1950's. The largest absolute gain was that of California with a total increase of 4.2 million. Florida was next with a gain of 1.8 million. Other States which gained a million or more are Texas, New York, Illinois, Michigan, and New Jersey.

The large differences in gains or losses of the States are due in major part to the differences in the amount and rate of migration, rather than differences in the national increase due to the excess of births over deaths. The East and West North Central States were generally areas of out migration.

Even though they may have held their population there was an outmigration offset by the excess of births over deaths. The West gained most rapidly by inmigration and the Northeast registered a small net inmigration.

For the first time in many decades, the South gained by migration during the 1960's. The bulk of the gain by migration in the South occurred in Florida, Maryland, and Virginia. In the other States of the South, a net inflow of whites was more than offset by a continued outmigration of blacks, and that outmigration was about the same magnitude as in the 1950's.

Twenty-six States and the District of Columbia had a net out migration. Twenty-four States had a net inmigration, including migration from overseas.

Senator CURTIS. What is a net outmigration or net inmigration?

Mr. BROWN. In every State there will be some people coming to that State, which is inmigration. Many residents of the State leaving and going elsewhere. The net is the difference between those coming to the State and those leaving the State. When we say that there has been a net outmigration we mean more people left the State during the decades than arrived from other States and the net inmigration is the reverse.

We have to include at this stage of the game the persons who come to the United States from overseas, because at this stage of our census we cannot separate those. Later on we will be able to tell you how many of these are residents of the United States and how many of them were from overseas by State and by county.

The largest exporter of population was Pennsylvania, with a net outmigration of nearly 400,000—equal to about 3 percent of its 1960 population. Mississippi, West Virginia, and Alabama each "exported" more than 200,000 people, and Iowa, Kentucky, South Carolina, Kansas, Louisiana, New Mexico, Ohio, and New York, along with the District of Columbia each had a net outmigration of more than 100,000.

The largest "importer" of population was California, with a net gain by migration of a little more than 2 million persons which was about 13 percent of the 1960 population. Florida "imported" 1.3 million and New Jersey nearly half a million. Maryland had nearly 400,000 and Washington, Arizona, Colorado, and Connecticut each had between 200,000 and 250,000 net inmigration.

Oregon, Texas, Nevada, and Virginia each had a net inmigration of between 140,000 and 160,000. No other State "imported" as many as 100,000 persons. On a county basis more than two-fifths of the counties had a net loss of population—a number which is only slightly smaller than that of the number of counties which lost population in the 1950s.

Senator HUMPHREY. Now, for our purpose that is a very important statistic.

Mr. BROWN. Yes, sir.

Senator HUMPHREY. Because this relates to population distribution and the national growth policy.

Mr. BROWN. Yes, sir.

We are, of course, in a position to classify counties by any method that you wish—rural, urban, and a variety of ways.

Senator HUMPHREY. Yes.

Mr. BROWN. But just taking the total set of counties, 3,000 counties, more than two-fifths actually had a net decrease in population.

More than 1,500 counties lost population during the 1940s and 1950s, and nearly 1000 lost population also during the 1930s. 1,350 lost in the 1960's. So that this outmigration on a county basis is a matter of several decades. There is a great band of counties in the Great Plains from the Canadian border to Texas, and then across the South and into the Appalachians which have had population declines for a number of decades. Net outmigration in the 1960's was the experience of about three-fourths of all counties. Only one-fourth were the areas of net inmigration.

I want to make a distinction here between migration change and absolute change.

Senator HUMPHREY. So the fact here is that while there were a thousand counties that lost population, there were actually more counties that had a net outmigration but some of it was offset by birth?

Mr. BROWN. That is right.

Senator HUMPHREY. The difference between births and deaths?

Mr. BROWN. That is right.

Senator HUMPHREY. So for our purposes, three-fourths of all counties had a greater outflow of people than an inflow?

Mr. BROWN. That is correct.

Senator HUMPHREY. With the exception of natural growth and births?

Mr. BROWN. That is right. In some cases migration was offset by natural increase, in other cases it was not. If it is not offset, why, then, of course, you have the reduction—absolute reduction of population over a 10-year period.

Turning to the rural residents of the United States, those are persons that live in towns of 2,500 or smaller or in open country.

Senator CURTIS. Is that defined term in the statute?

Mr. BROWN. It is a defined term in the Bureau of the Census. I am not sure whether it is used in any statutory sense or not. But this definition of "rural" has been in the Bureau of the Census for a number of years and is defined as those persons living in towns of 2,500 or smaller or in the open country.

We have a subdivision of that which we have produced and are capable of producing called "rural nonfarm and rural farm." We can distinguished between persons who live on pieces of territory of 10 acres or more, some portion of which is used for production of foodstuffs or other agricultural products.

I should say at this point that many of these rural residents live in counties which are part of a metropolitan area, and I have some statistics which I will give to you which shows the number of rural residents who live in SMSA's and the rural residents living outside of the counties that make up the SMSA.

Senator HUMPHREY. What you are saying, in other words, is that there may be a little village that is attached, by definition, to a larger metropolitan area and, even though it is a part of a great metropolitan system, is considered to be, because it is a separate unit of government, a rural area? Generally the standard metropolitan statistical area (SMSA) includes a central city of 50,000 or over, the county in which it is located and adjoining counties which meet the criteria of metropolitan character and which are closely tied to the central city through economic and social ties. Probably the easiest quick way of describing the situation is to take the Washington SMSA, which consists of the District of Columbia, Prince Georges and Montgomery Counties, Arlington County, Alexandria, Prince William County, Loudon County, Falls Church City.

Senator HUMPHREY. Fairfax?

Mr. BROWN. Fairfax City and Fairfax County.

Now you will find that in parts of Prince Georges County there are some open country and some very small towns. The residents living on farms in Prince Georges County are classified as rural, but they also are rural residents in a county which is part of a metropolitan area.

Senator HUMPHREY. So if you had a classification in your census of metropolitan area it would include these small towns?

Mr. BROWN. Yes, sir.

Senator HUMPHREY. But that would be one statistical classification, but then if you wanted to break it down as you say, the rural areas would also include certain towns in the metropolitan area?

Mr. BROWN. Yes.

I have here a table and I will just read it into the record and we can submit it and I think it will be helpful, because I think it gives some of the dimensions and also I will illustrate what we can do for the community.

The 1970 resident population that were in the counties that we have classified as part of the standard metropolitan statistical areas totaled—I will round these numbers—totaled 140 million. Of that 140 million, 123 million lived in the urban areas, including high density areas outside the central city. But there were 16½ million who lived in what we call the rural portion of the standard metropolitan statistical areas. They were in the SMSA counties but they were living on farms or small towns of 2,500 or open country.

Now, outside these counties, outside the SMSA's, there were a total of 64 million, if you will, of which 26 million lived in urban areas and those of the towns that are larger than 2,500 but smaller than 50,000. There were about, as I say, 26 million.

This leaves 36 million which are rural and outside SMSA. My own look at this thing tells me that out of the roughly 54 million people who are classified as rural, 37 million were rural outside of SMSAs. They were at some distance from a major metropolitan area.

Senator HUMPHREY. They were really small towns?

Mr. BROWN. Really small towns or open country about 36 million, or, if you want to take it in rough terms, about 18 percent of our total population are rural and outside of easy access to a large metropolitan area.

Senator HUMPHREY. Get that figure again. It is 18 percent of the total population?

Mr. BROWN. Yes.

Senator HUMPHREY. Lives outside of and away from a major metropolitan area?

Mr. BROWN. Or of a town——

Senator HUMPHREY. That is about 34 million of the total population, and there is an estimated 53—what was that figure?

Mr. BROWN. There was another 16—

Senator HUMPHREY. Another 16 million that live in the metropolitan areas but are actually living in communities of 2,500 or less that are affiliated with the metropolitan area?

Mr. BROWN. That is right. I think from your point of view 16 million persons within close travel distance, if you will, of major metropolitan areas and some of the services that they provide, this brings the total up to 54 million or about 25 percent of our total population, leaving, then, roughly 75 percent of our population which we classify as urban. Of that urban population, the bulk lives in metropolitan areas.

There are a number of ways of studying these statistics, but I thought it might be useful particularly to keep in mind the roughly 18 percent which are rural and not near the big cities as being a particularly important group. There is a rural group which I think are close enough to metropolitan areas so that——

Senator HUMPHREY. If we wanted to use a figure, let's say, of 25,000 as related to what we call rural community development prospectus or rural community development program, what percentage of the population would that represent?

Mr. BROWN. I would have to compute that for you, Senator.

Senator HUMPHREY. Do you have just a rough estimate right offhand?

Mr. BROWN. Approximately 78 million or 40 percent of the country, of whom three-quarters are outside SMSA's.

Senator HUMPHREY. You see, one of the things that we think about—I am speaking for myself—coming from a background of both the Dakotas and Minnesota, are communities in my State like Wilmer, Minn., or a community like Montevideo, Minn., which are towns anywhere from 8,000 up to 20,000. Although towns and small cities, we consider those pretty much related directly to our rural life, almost totally dependent upon the rural community.

For my purpose, at least in my own thinking as I contemplate what we might do to help in rural community development and working out a population policy for population distribution, I like to think in terms of communities larger than just 2,500, because a community of 2,500 sometimes has a great deal of difficulty being what we call a viable economic and social unit. At least it ought to be subject to some growth.

Mr. Brown. The figure which I can give you here is that there were 26 million people living in towns between 2,500 and 50,000 that are not part of an SMSA. So that would be the outside dimension. If you take, again put it in rough terms, it is about 12 percent, if you will. So if you add the 18 percent for rural and outside SMSA, plus another 12 percent which lived in towns less than 50,000, you have a total of 30 percent.

Senator Humphrey. It is about 30 percent, then, of the total population?

Mr. Brown. About 30 percent of the total population.

Senator Humphrey. That is a pretty rough figure as to what we are dealing with?

Mr. Brown. That is correct.

Senator Humphrey. It is a reasonable figure?

Mr. Brown. Yes.

Senator Humphrey. Go right ahead. Excuse me.

Mr. Brown. The absolute number of rural residents in the United States in 1960 and 1970 was virtually the same. In 1970 the number was 53.9 million. The number of persons living in rural towns and cities with population of 1,000 to 2,500 was almost the same at the beginning and at the end of the decade.

The same statement applies to the number of persons living in places with fewer than 1,000 persons and in the open country. However, the number of persons living on farms declined from 15 million to 10 million.

Senator Humphrey. Of course this does not take into account all the areas which were affected by population increase due to births so the outmigration is every evident there?

Mr. Brown. Yes, the point we were trying to make is that viewed nationally the total number of persons classified as rural residents has remained remarkably constant over the decades. There have been two kinds of changes that have been taking place. One of them has been the increase of those persons that are in areas near the urban centers, partly as the urban centers have grown and taken in more and more counties. The other one has been that there has been a redistribution of that population, even though the total has remained constant that has been redistributed away from the Great Plains to the southeast, the southwest and the northeast.

I think this matter of distinguishing the problem in terms of the redistribution of the population and also the changing proportion that finds itself near a major community, because we had an increase in the number of SMSA studies over the centuries as we built our metropolitan complexes.

Senator Curtis. According to your statement here, a third of the people living on farms left in that one decade?

Mr. Brow[illegible] Yes. That is correct.

Senator [illegible]s. Have we ever had that high a fractional loss in one decade[illegible]

Mr. Bro[illegible] do not know about the percentage. The absolute number of [illegible]ns living on farms has been steadily decreasing and has for some time now. I am not positive about the percentage of one-third, but I can look that up and provide you with that. It is a very large change for any segment of our society. That was within a 10-year period.

(The information is as follows:)

The farm population also decreased by almost one-third during the 1950's going down from 23 million in 1950 to 15.6 million in 1960. Between 1940 and 1950 there had been a decline from 31 million to 23 million—a decline of about one-fourth in 10 years.

Senator HUMPHREY. It would be interesting to know, too, just where that outmigration occurred, whether the movement pattern was from the Canadian border down the Mississippi Valley, or whether it was primarily from the South up to the North, was it the black population moving into the big metropolitan areas or was it Appalachians moving out. I think all of those variations will be very helpful to us.

Mr. BROWN. I think our major problem is going to be organizing our statistical information in a meaningful manner.

Senator HUMPHREY. Yes.

Mr. BROWN. Virtually all of the national increase was in the urban population, and there most of it occurred within the urbanized areas, that is, cities of 50,000 and over and the adjoining built-up areas.

Because of the large-scale shift of population by migration, more than four-fifths of the total national increase occurred in the metropolitan areas. In turn, more than four-fifths of this increase was in the suburban sections. There has been a concurrent migration from the central city to the suburbs as well as a movement to metropolitan living, holding, if you will, the rural population constant. But that has been redistributed too.

Senator HUMPHREY. Are you saying there was an outmigration from the city itself to the suburbs?

Mr. BROWN. Yes, sir.

Senator HUMPHREY. But the void in the city itself was filled by an inmigration from the rural areas?

Mr. BROWN. My next paragraph covers this point—but each city will have a different pattern, so it is a little difficult to generalize. There was increase within some central cities both from natural increase, excess of births over deaths, as well as migration. But there was also a net outmigration and there was also an absolute decrease for some cities.

We can say there was a net movement of whites out of the central cities with the result that the white population of many cities declined. The black population of many of the larger cities increased. For the cities of 500,000 or over in the United States, the white population declined by 1.9 million during the decade, while the black population increased by 2.2 million, giving for that particular group of cities as you can see, a very slight increase of 300,000. The decline of the white population was due to migration out of the cities; a part of the increase in the black population was due to migration into the cities. The larger portion of the increase was the excess of births over deaths.

Senator CURTIS. What is the difference in the birth rate?

Mr. BROWN. The birth rate for the black community is higher than that for white, but I cannot give you the exact figures from memory.

Senator CURTIS. Can you supply it for the record?

Mr. BROWN. Yes.

Senator CURTIS. Approximately what is it?

Mr. BROWN. I am sorry. We have several figures. One is the fertility rate, which is the total number of children born per thousand women which I memorized, since it is the critical figure. The birth rate is a special statistic which represents the number of live births divided by the population. It is affected by age distributions and things of that sort. I would prefer to submit the exact figures for the record rather than trust to my memory.

(The information is as follows:)

DATA ON BIRTH RATES AND FERTILITY RATES

	Birth rates [1]		Fertility rate [2]	
	White	Negro and other races	White	Black
Year:				
1969	(3)	(3)	1,670	1,989
1968	16.6	24.2	(3)	(3)
1965	18.3	27.6	1,743	2,114

[1] Number of births per 1,000 population. Source: P-23, No. 36, p. 11.

[2] Number of children ever born per 1,000 women 15-44 years old. Source: P-20, No. 203, p. 9.

[3] Not available.

Senator CURTIS. But that is the biggest factor for the greater increase within the cities and in the suburbs?

Mr. BROWN. Broadly speaking, there was a larger increase in the black population by natural increase, excess births over deaths. Very little outmigration of black people to the suburbs. And a very substantial outmigration of white people to the suburbs. Of that there is no question.

Senator HUMPHREY. Do fertility rates differ among people living in various parts of the country?

Mr. BROWN. Yes, sir. Fertility rates do differ. They are strongly related to education and the educational distribution, as you know, varies geographically. These two things occur simultaneously and do have a geographic pattern.

Senator HUMPHREY. So we have varied fertility rates on an ethnic basis?

Mr. BROWN. Yes.

Senator HUMPHREY. And variable fertility rates in the area on a geographic basis?

Mr. BROWN. Yes.

Senator HUMPHREY. Can we get some statistical data on that?

Mr. BROWN. Yes. This is very heavily studied and we can provide you almost any analysis.

Senator HUMPHREY. And it will be interesting to also have you tell us about per capita income trends and expectations in this country, including how such data relates to where people live, whether it is in the center city or suburbia or cities from under 50,000, 50,000 to 500,000, cities 10,000 to 50,000 and rural counties. The point being that income and per capita income expectations may very well affect the flow of people and the movement of people.

Mr. BROWN. We will be able to provide you with facts as of April 1, 1970, in some fairly fine detail. You will have to be a little cautious in trying to draw a conclusion on what was the cause and effect relationship here, but we can provide you with the information on per capita income and break it out by city size and geographic location. In fact, we will have a wealth of information on this support. However, since we draw this from the sample portion of the census, the publication by State will start sometime, hopefully in August or September, and our plan is to complete the publication of that by February of next year. The basic data will be available as of April 1, 1970. It was included as one of the questions in the 1970 census.

Senator HUMPHREY. Yes.

What is behind the delay in completing and making available that 1969 agricultural census data? Could you give me any idea when it will be available?

Mr. BROWN. Yes, sir. The plan for the 1969 Census of Agriculture, of course, was developed 4 or 5 years ago.

Senator HUMPHREY. Yes.

Mr. BROWN. And the publication plan was decided at that time. We are very close to being on that schedule. The delay in getting the agricultural census out in 1969 relative to earlier censuses grows mainly out of a decision to wait until after the end of the calendar year before collecting information, whereas in prior years we had started to collect the data in the fall. We had many requests to wait until the end of the calendar year so it would be less of a burden on the respondent. He could then use the same kind of data for his income tax report.

Senator HUMPHREY. Yes.

Mr. BROWN. Actually the publication was delayed just about the same number of months that we had delayed the initial collection of data.

But we have just started publication and we plan to complete the report for all counties by November of this year.

Senator HUMPHREY. Splendid.

Mr. BROWN. The information has already started to flow, and once it gets into operation it will flow very steadily. We will, of course, have to do a further and more detailed analysis later on.

I think it worth while noting that Americans are traditionally a mobile people and the experience of the 1970's has been that they continued to move freely from one part of the country to another, from rural to urban areas, from cities to the suburbs and from one metropolitan area to another.

Senator HUMPHREY. How many people would you say move each year?

Mr. BROWN. We have an estimate of about 20 percent.

Senator HUMPHREY. About 20 percent?

Mr. BROWN. I believe that is right.

Senator HUMPHREY. Of the total population?

Mr. BROWN. Yes, it is a remarkably constant figure. We do an annual survey on this subject.

Senator HUMPHREY. This poses a tremendous problem on voter registration.

Senator BELLMON. You mean they just move from one house to another in the same community or do they change communities?

Mr. BROWN. I believe the 20 percent takes account of any kind of move. A person may move within the same town, from one unit to another within the same county, between county, between States—we have it in all detail. But obviously the percentage moves down as you narrow the definition.

Senator HUMPHREY. I would like to get that statistical information, not so much for this particular record, but since it was asked for purposes relating to a broader picture.

Mr. BROWN. Yes.

Senator HUMPHREY. I saw some startling figures in the last four presidential elections of the large number of people that are unregistered primarily due to State registration laws that were affected by the mobility of our population or the mobility of our population was affected by the static State registration laws.

Mr. BROWN. We will be happy to send the committee a letter in which we will reproduce the table, and we have just recently published it.

Senator HUMPHREY. Thank you.

Mr. BROWN. In this way they have responded and continue to respond to their understanding of the changes in opportunities for achieving their objectives. High rates of mobility are likely to continue for some time. The largest increases for any population group during the next 10 years come in the young adult ages, which are also the ages of greatest mobility. This is the age distribution of our population, and these are also the ages of greatest mobility. You recall you asked in the early portion do you know who the people who are mobile, the answer is yes, they are—tend to be the young adults. With increased nationwide channels of information and with increased ease of moving from one area to another, it is to be expected that Americans will continue to respond to what they believe to be differentials in opportunities.

Senator HUMPHREY. Now, that last statement of yours portends a good deal or tells a great deal about the future?

Mr. BROWN. Yes, sir.

Senator HUMPHREY. If it is a fact that there has been an outmigration of young people from rural America and only the most recent statistical, evidence will be able to verify that. But with that as a general assumption, and with an increase in the population of the young adults we are apt to see a further increase in outmigration from rural America unless we are able to do something that makes that part of America a highly desirable place in which to live and work?

Mr. BROWN. I would like to have an opportunity to study migration by counties, because the total statistics that we have, of course, include the persons who are moving from and between metropolitan areas. I think that the observations you have are correct, but I think we should quantify it. We have, and have already submitted to the committee some information on the age distribution by counties and by State. This is information we now have. We cannot tell you what caused the change in age distribution, but we do have information on the number of persons and their age. If you look at the information. I think you will find the variation from State to State is relatively small. It is there, but is smaller than I myself expected when I first looked at the table.

I would now like to examine this for individual counties because they will be much sharper. The generalization that you indicated is correct, but the magnitude of it I think should be worth studying.

Senator **Humphrey**. To what extent does immigration, that is people coming from foreign countries to the United States, affect our population statistics?

Mr. **Brown**. The immigration accounts for about 20 percent of our annual growth. We have approximately 400,000 persons, net, who enter the United States and take up residence here. That comes to about 20 percent of our population increase which is going a little bit bitter than 1 percent annually of a 200-million population group.

Senator **Humphrey**. Do we know or have any idea where most of these foreign immigrants move to within the United States?

Mr. **Brown**. We do not as a rule, but we will have information from the 1970 census. Only when we take the census do we have good information, because this gets down to very small areas.

Senator **Humphrey**. Yes.

Mr. **Brown**. But we do ask a question in the 1970 census as to the time they have been in the United States.

Senator **Humphrey**. Senator Bellmon. I did not mean to monopolize the time here from you.

Senator **Bellmon**. I only have a couple of questions I would like to ask Dr. Brown.

On page 3 you point out the number of persons living on farms declined from 15 million to 10 million during the decade of the 1960's; is that right?

Mr. **Brown**. Between 1960 and 1970, sir.

Senator **Bellmon**. This decline has been going on for many years, many decades?

Mr. **Brown**. Yes, sir.

Senator **Bellmon**. Well, now, if we do this 20 more years we are out of farmers?

Mr. **Brown**. That would be right.

Senator **Bellmon**. Do you have an indication, first, is it continuing? Second, have you from your census takers been given any information as to why the people are leaving the land at such a rapid rate?

Mr. **Brown**. We do not ask any questions about why do you do something in our census activities. We do provide a number of collateral pieces of information from which we can draw inferences and which we draw inferences. We concentrate, however, on getting the factual information.

I would say that of those people that are living on farms not all are working as farmers. And the possibilities of them being engaged in agricultural production or farming and living in a small town or a moderate-size town is a fact that we observe in our census, as I am sure you observed elsewhere. So that the number of persons living on farms is not only that portion which are engaged in farming, but also people who live on farms and work in cities and obviously farming is carried on by people who live in cities and work on farms. We will have that detail, Senator.

Senator BELLMON. How do you define a farm?

Mr. BROWN. The definition of a farm is worked out with the Department of Agriculture. Broadly speaking it is a piece of land of 10 acres or more from which at least $50 worth of agricultural products were sold; or, if it has less than 10 acres, from which at least $250 worth of agricultural products were sold. We then go on to compare the size of the farm and the value of the products sold. So that you can create your own definition of farm from our statistical material. When we talk about farm and living on farms we are dealing with a very broad definition.

Senator BELLMON. You can furnish the definitions for our record.

But my point is that there are a great many people, at least in the part of the country which I know about, who may go out along a paved road where there is rural electrification and rural water supply and buy 1 acre and build a home on it and commute back and forth to a job in the city. Do you have any figures to find out whether or not this trend is increasing?

Mr. BROWN. I do not believe that we have the size of the lot on which people live. We only make a distinction between 10 acres or more.

Senator BELLMON. Is there a category for rural dwellers who live on tracts 10 acres or less?

Mr. BROWN. We will have the number of people who live in individual households. We can give you that. We could give you a count of persons living in single-family dwellings who are located outside the city limits.

Senator BELLMON. And not farmers?

Mr. BROWN. Yes. We can tell you their occupation because we do collect information on occupation. We also record whether it is a single-family dwelling unit and, of course, we have the geography in the very finest possible detail.

Senator BELLMON. Mr. Chairman, I think it would be interesting to find out whether or not people are trying to get away from urban congestion by buying smaller tracts and living outside the city.

Mr. BROWN. There is no question people are moving away from the center city as their incomes go up. The growth of the suburbs and the filling in of the what we call the fringe around the suburbs, the outer fringe of our metropolitan areas is clearly in our statistics and I would think would clearly be consistent with the notion because it is income-related. As your income goes up you tend to move toward a single-family unit and that single-family unit tends to be outside the center city.

Senator BELLMON. I notice from the map you furnished the committee that the greatest amount of red comes in the Great Plains States: Oklahoma, Texas, Nebraska, the Dakotas, and Montana. I also note, having lived in that area, that this is the area where climate is most erratic. We may go along 2 or 3 years with a good year and a year such as this year when the rains do not come. We had an extremely serious drought with the accompanying economic hardships that also go with the loss of farm income.

Would the census figures in any way help show whether or not this exodus from the rural areas comes during the times of stress or do you figure it covers only a 10-year period? In other words, this year from the country I know, if we do not do something to help they are going to be forced off the land into the cities because of the drought.

Mr. BROWN. I would like to check with our staff. I will give you my opinion, but I would like to check it with the staff. I do not believe we can do this on an annual basis; that is, to take it down by small areas. We may be able to take it down by whole States or groups of States because we do a fairly large continuing survey. And of course the Department of Agriculture works with these figures continuously. But the fine scale reporting that we can produce for you, as we complete our 1970 census, I would not think could be done on an annual basis. But I would like to check with the staff to see what we could do—what size area on an annual basis to relate migration to periods of drought or any other factor that would likely affect the incomes of a certain area. I do not think we can do it in detail but I think we might be able to do something on an area basis. I would have to look into it.

Senator BELLMON. That is all, Mr. Chairman.

Senator HUMPHREY. I would be interested, also, if you have any information on the average age of farmers. I do not mean just farm population, but actually the adult farm producers, as this number of farmers drops from 15 million to 10 million in the decade of the sixties, what happened to the age level of the proprietor, of the owner. Now, if you bunch it all together with the children and all you do not get as accurate a picture. That has been my view, based upon very casual, I am sure, and nonscientific observation, that the age of the farm producer in the country is getting older, and that within itself poses some serious problems in terms of what we call the family farm unit and it would be interesting to get these ages by farm size.

For example, annual gross sales. Out my way I see so many of our farmers that are quite old that have decided just to stay, and kind of live out the rest of their lives on the farm, maybe a little later in life getting a little social security and sort of just getting by. By the same token I also see a very substantial increase in farm land prices as the younger farm operators try to get a hold of some extra farm land in order to make their farms economically viable due to the high cost of machinery and farm operation.

I am one of these fellers that lives out in the country. We live out in Marrisville Township just outside of a little village called Waverly, Minn. My neighbor across the road runs a little better than a 40-acre farm and he and his wife run it themselves. When they have to go into haying or go into combining, their extra farm help is the sister and brother-in-law or the brother and sister-in-law, I forget which relationship, but the four of them just get together and do the work. Of course, I find a great lack of understanding of these problems on the part of people who are supposed to inform the American public about what goes on. We are discussing one of the most vital problems affecting this country, the flow of population. I do not think there is anything that may be more important in the long term or in terms of the health and well-being of the Nation and anything more critical at the moment, outside of war itself, than this demographic picture of America and what is happening in our metropolitan areas and what is happening in rural America. Yet with the exception of the printed press, there was no media, no radio, no television, no way for people to learn about this except rushing down the highway at 75 to 80 miles an hour on big bands of concrete that really do not tell you anything or do not permit you to observe a thing as to what is going on in Oklahoma or in the broad open spaces of Oklahoma or in the countryside of Minnesota.

I was terribly shocked here the other day, Senator Bellmon, to find out one of the areas of rural poverty in America is in my own State, one of the most critical areas. It is quite an eye opener when you find out, when you think you are living in the Promised Land and you have all the beautiful, wonderful lakes and the streams and forests and the beautiful-type black earth and all at once you wake up to find out that it isn't all that good.

But we thank you——

Senator BELLMON. May I ask a question?

Senator HUMPHREY. Yes, please go ahead.

Senator BELLMON. Dr. Brown, I am not sure you are the right person to ask this question, but perhaps you can help us.

You have pointed out very dramatically the great rural urban exodus in this country. Would the Census Bureau have any way of comparing trends in the United States with trends in other countries, say European countries or perhaps Australia or even Japan to find out whether or not this trend is worldwide or whether there is some difference in conditions between our Nation and others that is causing our population to be more mobile?

Mr. BROWN. Yes. We collect at the Bureau of the Census—probably have the best collection in the world of census information about other nations. We, by the way, train a large number of the census-takers for other nations. Because of our training and because of our close relationship, we have a very active exchange of information. We maintain a library and we maintain a staff for analysis. It is not a large staff but a very competent one. I would not hesitate to undertake the request that you made, and I will consider it in the record. We will prepare a memorandum on this topic and submit it to the committee.

Senator HUMPHREY. That will be very helpful and most interesting. I imagine you can cover even the areas of Latin America and Africa, some of the areas with that?

Mr. BROWN. We are limited, of course by——

Senator HUMPHREY. Yes, but a good cross section.

Mr. **Brown**. I assume from the question that you would like us to invest a moderate amount of staff to study what is immediately available. To the extent that you find it interesting, and ask us we will do further work. We will also tell you what additional we could do with additional staff effort so we could have direction.

Senator **Humphrey**. Dr. Brown, another matter that just comes to my attention is the relationship of mobility of people, outmigration and inmigration as it relates to our transportation system, our interstate highway system in particular, and our welfare system. We hear a good deal about the relationship of migration to the availability of quality education, from not just elementary and secondary but also colleges and universities and technical institutes. Also its relationships to wage rates. I think we have to deal with these problems because, as Senator Bellmon pointed out very specifically here the other day, income has a great deal to do with what happens as to where people live. We also are aware of the fact that most young Americans in particular have had a high school education, and most of them have and many of them have had college education, and as such they now want proper medical care, they want their children to go to school, and more importantly, they want a good wage rate, or if they are a farmer they want a good price.

So whatever information, if you have any, that would relate to the migration picture as to interstate highway systems, colleges and universities, quality of education, welfare rates and wage rates, I think would be helpful to us.

Mr. **Brown**. That is a very substantial analysis that you are suggesting. I know we cannot give it to you as quickly, for example, as I can give you the other information you have requested. But we are not averse to starting some staff work and organizing our data along these lines.

Senator **Humphrey**. It may be possible that some of this information is available from other departments or that you could receive it with the cooperation of other departments of Government.

There is not a matter of burning urgency on this, but we do hope to get it because we are hopeful before the end of the year, before we get too bogged down, that we can come up with some suggestions regarding a meaningful rural development program.

Senator Bellmon, anything else?

Senator **Bellmon**. That is all, sir.

(The information is as follows:)

U.S. Department of Commerce,
Bureau of the Census,
Office of the Director,
Washington, D.C., June 11, 1971.

Hon. Hubert H. Humphrey,
Chairman, Subcommittee on Rural Development,
Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: On Friday, April 23, 1971 I testified before the Subcommittee on Rural Development. During the course of the testimony a number of questions were raised by you, Senator Bellmon, and Senator Curtis for which I promised to obtain additional information.

1. *Per capita income:* Results of the sample tabulations from the Census on income received in 1969 will probably begin to be published next fall, but all

States will not be available until 1972. The income data will be available not only for States and counties, but also cities and towns. In addition detail by census tracts for our larger cities will also be tabulated.

In the meantime you may want to make use of the estimates of per capita income by State and standard metropolitan statistical areas published annually by the Office of Business Economics. Unpublished county estimates of per capita income are available on request. There are some minor definitional differences between their numbers and ours, but their annual estimates are invaluable in filling the void between censuses.

2. *Movement from rural to urban areas:* The phenomena of movement to urban areas is not confined to the United States. Dr. Kingsley Davis, a renowned demographer at the University of California, has recently published a Monograph entitled, *World Urbanization 1950–1970*. The estimated percentage of the population living in rural areas for selected countries over the past 20 years appears below.

PERCENT OF POPULATION IN RURAL AREAS

Country	1950	1960	1970
United States	36.0	30.1	24.8
Canada	38.3	31.5	25.3
Mexico	57.4	49.3	41.8
United Kingdom	22.5	21.7	20.9
France	45.9	38.7	32.1
U.S.S.R	57.5	49.9	37.7
Australia	27.9	19.0	11.5
Japan	62.6	36.5	16.8

3. *Voters disenfranchised by State registration laws:* After the 1964 presidential election a paper was written by two members of my staff which included estimates of potential voters failing residence requirements. We are enclosing a copy of the report. There, of course, has been a general tendency to relax the restrictions on residence, thus making the information in the paper somewhat dated.

4. *County migration patterns 1960–70:* The forthcoming report, *Current Population Reports*, Series P–25, No. 461, "Components of Population Change, 1960 to 1970," will include estimates of migration by county by race for the last decade. The report will be published later this month and will be sent to you when released. An analogous report, *Current Population Reports*, Series P–23, No. 7 contains county migration estimates for the 1950–60 period, although not by color. This latter report is enclosed.

5. *Age of farm operators:* We are extracting a table from the 1964 Census of Agriculture giving information on age of farm operators by type of worker.

	Age of operator (percent)				
	Under 35	35 to 44	45 to 54	55 to 64	65 and over
Total	11.5	20.7	27.0	23.5	17.4
Full owners	7.0	16.7	25.3	26.4	24.6
Part owners	11.0	25.7	32.4	22.4	8.5
Managers	15.9	26.5	29.2	20.3	8.0
Tenants	27.1	26.8	24.6	15.3	6.1

6. *Effect of interstate highways and colleges on migration:* We are submitting at this time a paper on the subject entitled "Nonmetropolitan Population Change 1960–70." There is some indication that rural counties lying on the interstate system or containing a college do have higher rates of in-migration (or lower rates of outmigration) than rural counties not the interstate system or containing colleges.

I will be glad to give you further assistance on any other matter which may arise.

Sincerely,

GEORGE H. BROWN,
Director, Bureau of the Census.

(The Current Population Reports cited in paragraph No. 4 above are on file with the Subcommittee. The other documents referred to are as follows:)

ESTIMATES OF "ELIGIBLE" VOTERS IN SMALL AREAS: SOME FIRST APPROXIMATIONS[1]

(By Meyer Zitter and Donald E. Starsinic, U.S. Bureau of the Census)

Figures available on the voting-age population and on votes cast indicate that even in national elections Americans turn out in relatively small numbers on election day. In 1964, for example, out of a total population of voting age of 114 million, only 71 million reportedly voted for president. In other words less than two-thirds of the resident population of voting age voted for president. There is a tremendous State variability about the national average of voter participation, ranging from a low of 35 percent in Mississippi to almost 80 percent in Utah.

The population used as a denominator in determining the precentage voting is the total resident population of voting age, without regard to voter eligibility. This type of arithmetic resuts in relatively low voter participation rates. This paper represents an attempt to identify and to isolate the various categories of apparent nonvoters, to demonstrate a methodology of distributing the various components of nonvoters to States and smaller areas, and to illustrate the impact on State voter participation rates when adjusted base populations are used. The results may throw light on the general problem indicated in the Report of the President's Commission on Registration and Voter Participation (chaired by one of our speakers. Mr. Scammon), as to whether the low voter participation of the American electorate is a matter of disinterest, or more a product of restrictive legal and administrative procedures.

NATURE AND SCOPE OF PROBLEM

In virtually every State in the United States, voter participation is dependent upon eligibility and two actions of the potential voter: (1) the voter must register at the place and during the time specified by the locality where he will cast his vote; and (2) the voter must cast his ballot on the day specified for the election.

In developing estimates of the components of the nonvoting population, we have concerned ourselves with two separate categories, each of which has a different degree of attachment to the voting process, and for which estimates of varying levels of accuracy can be derived. First, we have a group that is most likely to be ineligible to vote. The group includes aliens, who are clearly ineligible, persons failing to meet specific residence requirements of State, county, or precinct, and persons in specific kinds of institutions, such as correctional institutions, mental hospitals, and residential treatment centers, also usually ineligible.

The mobility of the American people is an important contributor to low voter participation because of length of residence requirements. About 21 million adults now move every year in the United States and are likely to have their voting eligibility affected because of residence rules. Of these, 3½ million move across State lines and may become ineligible to vote because of State residence requirements. An additional 3½ million move across county lines within the same State and are affected by county requirements on length of residence. The remaining 14 million local movers are affected to the extent that they cross local election district (precinct) lines. The majority of Sates (about 35) require one year of residence as a qualification for voting. About 14 States require only six months of residence as a qualification, but comparatively few of the most populous States are included in this group. To mitigate this length of delay in qualifying for voting, a number of States permit newcomers to vote for president and vice president if they were qualified as voters in their State of residence prior to their last move. A few States also permit the use of absentee ballots by persons who have moved from their States with insufficient opportunity to establish residence in their new States.

The second group this report deals with is made up of persons who are eligible to vote somewhere, but have a variety of obstacles in their paths. In many instances, their eligibility is in a place other than their current place of residence. This group includes Armed Forces (but not their dependents), college students away from home, and the population in such institutions as homes for the aged and dependent. Also included are persons who a priori appear eligible to vote by all criteria, but who are unexpectedly away from home on election day and thus cannot get to the polls to vote. This group includes persons called away on business or away on vacation (or in other travel status) and persons unexpectedly hospitalized.

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[1] The authors wish to gratefully acknowledge the assistance of Mrs. Mildred R. Stanback in compiling and processing basic source data used in deriving the estimates.

REVISED ESTIMATES OF VOTER PARTICIPATION RATES

The bulk of the work of arriving at revised estimates of voter participation, in which the base resident population is modified to more closely approximate the population "exposed" to voting is found in the tables. They show each category that has been included in the estimates and the approximate number, by State. The sources and methods of deriving the national totals and State distributions are also given. Table 1 shows revised estimates of voter participation rates for 1964; tables 2 and 3 indicate the various components of the ineligible and marginal voter categories and, in effect, illustrate the method of arriving at revised participation votes; and table 4 shows the percentage of nonvoters explained by our estimates.

At the national level, of the approximately 43 million persons of voting age who presumably did not vote in 1964 (or at least did not vote for president), about 14 million, or one-third, fall into one or the other of these categories. According to the estimates, there are 2.5 million aliens, 4.8 million persons failing residence requirements, and about 1 million in correctional and mental institutions; that is, about 8.3 million persons fall into the so-called "ineligible" group. In the second category, there are 1.6 million Armed Forces (station strength), ½ million other institutionalized, mainly in homes for the aged, and also 1.6 million students away at colleges. Of those otherwise eligible but away from home on election day, we estimate approximately 1.6 million as staying overnight in hotels and motels, and about ½ million in general (short-stay) hospitals. Although these national levels are highly approximate, they suggest the magnitude of the problem and provide overall controls in estimating State distribution.

On a State-by-State basis, there are substantial differences in the proportion of nonvoters that can be explained, that is, fall into one or another of our nonvoting classifications. Aliens, for example, are highly concentrated and are found in appreciable numbers in only a few States. Both California and New York are estimated to have in the neighborhood of one-half million aliens of voting age. Texas has about 200,000. Within the specific length of residence requirements, fast-growing States like California and Florida will have a relatively larger number of recent arrivals than less rapidly growing States with substantially less in-migration.

Although nationally it is estimated that about one-third of all nonvoters come under our criteria, there are ten States where more than half the nonvoters are accounted for here. In California, for example, two million of the almost four million nonvoters in 1964 fall into our classifications. New York, with one-third of the nonvoters accounted for, is estimated to have about 1.3 million persons out of its base voting-age population of some 11 million who cannot be expected to vote.

On an overall basis, voter participation rates increased by about 10 percent after deducting the nonvoting groups identified here; that is, for the nation as a whole for November 1964, voter participation increased from 62 percent to about 71 percent. A number of States make a relatively good showing in voter turnout. Nineteen States have voter participation rates in excess of 80 percent. On an unadjusted basis, no State had participation rates that high. Of course, there are many States where the adjustments suggested here have little impact on implied voter participation, since only a small portion of the nonvoters were estimated to fall into our categories. In many of the Southern States, for example, only about one out of four nonvoters can be accounted for here.

SOURCES OF DATA AND ADEQUACY OF ESTIMATES

At this point, the utility of the estimates might be considered. Do they represent a set of usable numbers which provides relatively good guides to the State distribution of those ineligible to vote? The estimates are, of course, subject to unknown but probably a high degree of error. Not only is there a degree of uncertainty as to whether all persons assigned to a given category lacked voting rights in 1964, but there is also the possibility of overlap in the estimates of the population of each group. For example, persons failing residence requirements according to the estimates may also later be included as members of the Armed Forces.

Consideration of the sources provides the main guides into the acceptability of the estimates inasmuch as only fragmentary direct evidence on the potential error is available. Within the group labelled as "ineligible," the count of the number of aliens is relatively reliable, since the total number of aliens is reported annually by the Immigration and Naturalization Service. There is some uncertainty as to the number of voting age, but from census sources on "foreign born, in the United States in 1960, living abroad in 1955," we arrived at a rough percentage of the group that is of voting age. Thus the degree of error in this component is probably very small.

The residence requirements category is the largest component of ineligibility. To derive estimates for this group, we had available to us annual survey totals on interstate, inter-county, and intra-county movements. These were distributed to States on the basis of the 1955–60 distributions of the various categories for that period available from the 1960 Census. For each State, we allocated an appropriate proportion of the movers and migrants as being ineligible, based on the particular length of residence requirements for each area. No specific allowances were made for such probably nonvoting groups as drifters, hoboes, and persons of no fixed address.

Within this category (i.e., residence requirements) there is the problem of the 15 States that permit "newcomers" to register and vote. No attempt was made to determine how many people qualify for this particular category and actually go to the trouble of voting. In 1960 in California only 12,000 ballots were cast in this category, a number hardly large enough to have serious impact on our results. On the other hand, it is possible that many of these "new residents" are eligible for absentee ballots in their own States and choose that route for voting.

The estimates of persons in correctional or mental hospitals and institutions are basically from the 1960 Census, updated to take account of population growth since 1960. The estimates of this component are probably fairly firm. On the other hand, no allowances were made for former inmates of correctional institutions who may still be denied the right to vote.

We believe that the probability of error is largest within the group of "marginal voters." Here, for example, we do not know to what extent persons in this group cast absentee ballots. Nor do we know to what extent special arrangements may be made to vote for "shut-ins" such as those in homes for the aged or needy.

Practically all States permit persons who lived there before entering the Armed Forces to vote there. The military services apparently make strong efforts to circularize and send information to military personnel on absentee voting, but we do not know exactly how many take advantage of the opportunity. About 2.1 million servicemen of voting are (including those assigned overseas) would have been able to request an absentee ballot from their State of official residence in 1964. How many actually cast their votes and their distribution by State in 1964, however, are subject to conjecture, for the information available on the number of military ballots cast in the election is not sufficient to provide such detail.[1] What information we have, however, relates to 1960, and there appears to have been fairly light voting on the part of this group in that election year. In New York City, for example, somewhat less than 15,000 ballots were returned of a potential military vote of perhaps 75,000 to 80,000 (the estimated number of voting-age persons serving in the Armed Forces from New York City). Only 4,500 were counted in the city of Philadelphia; up to 10,000 were cast in Washington State (out of a potential military vote of 47,000); and about 4,000 in Rhode Island, of 15,000 possible votes.

Total votes cast by absentee ballot appear to have made up only a modest proportion of the the population voting. From the limited information available, votes cast by absentee ballot run about five-percent of the total votes cast. In California in 1960, 243,000 absentee ballots were cast out of a total of 6½ million ballots. In the State of Washington, 92,000 absentee ballots were cast out of a total of 1.3 million, and about 58,000 in Connecticut out of a total of 1.2 million votes cast. Because of the large number of persons identified as marginal voters, it appears that allowing for absentee ballots would have some, but not a very appreciable, impact on the overall level of nonvoters indicated in the tables.

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[1] Recent information published by the Department of Defense indicates that overall voting by military personnel may be substantially higher than suggested here. See *The Federal Voting Assistance Program, Fifth Report*, prepared by the staff of the Federal Voting Assistance Program, Office of the Assistant Secretary of Defense (Manpower), Washington, D.C.

The estimated number of persons away from home on election day, either away on business or in hospitals is also very rough. The overall totals on those away on business or vacation were derived from data published by the hotel-motel industry, citing 1963 Census of Business data. The totals were distributed to States in proportion to population. The number in hospitals was developed from data published by the American Medical Association and the National Center for Health Statistics. Perhaps many of those away from home on business may have anticipated their need to vote and arranged for absentee ballots. Despite the uncertainty of the level, it is obvious that a relatively large number of persons who may otherwise be eligible do not get to the polls in elections because they are away from home. In fact, the estimate of only two million in this category is probably too low.

REGISTRATION STATISTICS AS A DATA SOURCE

The aforegoing represents a methodology and a framework for deriving approximate estimates of the population of voting age who have a clear field to the voting booth, or at least have no important obstacles to overcome on their way to the polls.

As election day approaches, it is the number of registered persons, of course, that actually determines the number of voting eligibles. In a fully automated and computerized society, one should expect the registration machinery to start whirling soon after the registration books are closed, and to generate tabular statistics more rapidly than the campaign speeches.

Unfortunately, such is not the case. In fact, there is a paucity of data readily available on registration statistics. Here is a set of administrative statistics that appears to have gone untapped over the years. Presumably, registration data could be compiled and summarized so as to present characteristics of the population registered to vote for all areas for which data are available. A highly sophisticated system of registration might even provide gross change data on registrants which may tell us something about changes in population composition and distribution.

In order to learn more about registration statistics, it would be desirable for some group to undertake a survey of State and local sources of the nature and the availability of registration statistics. The survey should not be concerned with the legal requirements of the registration process, but rather, would emphasize the statistical viewpoint to determine the kind of information actually obtained during the registration process. Statistics indicating the extent to which such data are tabulated, summarized, or published by the State or local jurisdiction as well as the characteristics of information available would be of particular interest.

In the interim, a review of available State documents which describes the registration systems of each State indicates the following:

Age is obtained in about 30 States; 16 States obtain race; 22 States indicate male or female; 26 States ask for occupation; most States call for State of birth, and a goodly number request marital status. Unfortunately, this summary tells us nothing about availability of such data; the subject needs further consideration.

OTHER

One final observation is in order. After the last general election in November 1964, the Census Bureau in its November 1964 Current Population Survey asked whether persons voted in the November election. This item is scheduled again for November 1966. We believe it would be highly desirable to obtain information about nonvoters or nonregistrants, so as to be able to separate the "ineligible" from the voluntary nonparticipants.

SOURCES AND METHODS USED IN DEVELOPING DATA PRESENTED IN TABLES 1 TO 4

VOTES CAST AND POPULATION OF VOTING AGE

The population of voting age was obtained from *Current Population Reports*, Series P-25, No. 342. The number of votes cast for president was reported in Governmental Affairs Institute, *America At The Polls*, University of Pittsburgh Press, 1965.

TABLE 1.—RESIDENT POPULATION OF VOTING AGE AND PERCENT VOTING, BY STATE: NOVEMBER 1, 1964

[Numbers in thousands]

Region, division, and State	Resident population of voting age	Votes cast for President	Percent voting	Ineligibles or presumed nonvoters	Percent of "eligible" voters voting
United States, total	113, 795	70, 642	62. 1	14, 015	70. 8
Northeast	29, 227	19, 621	67. 1	3, 235	75. 5
North Central	31, 588	22, 209	70. 3	2, 942	77. 5
South	34, 410	16, 599	48. 2	4, 584	55. 7
West	18, 570	12, 213	65. 8	3, 254	79. 7
New England:					
Maine	580	381	65. 7	72	75. 0
New Hampshire	398	288	72. 4	54	83. 8
Vermont	232	163	70. 3	30	80. 8
Massachusetts	3, 267	2, 345	71. 8	490	84. 4
Rhode Island	547	390	71. 3	87	84. 7
Connecticut	1, 708	1, 219	71. 4	182	79. 9
Middle Atlantic:					
New York	11, 280	7, 166	63. 5	1, 348	72. 2
New Jersey	4, 131	2, 848	68. 9	404	76. 4
Pennsylvania	7, 085	4, 823	68. 1	568	74. 0
East North Central:					
Ohio	5, 978	3, 969	66. 4	542	73. 0
Indiana	2, 831	2, 092	73. 9	226	80. 3
Illinois	6, 383	4, 703	73. 7	695	82. 7
Michigan	4, 673	3, 203	68. 6	407	75. 1
Wisconsin	2, 390	1, 692	70. 8	194	77. 0
West North Central:					
Minnesota	2, 021	1, 554	76. 9	160	83. 5
Iowa	1, 636	1, 185	72. 4	122	78. 2
Missouri	2, 729	1, 818	66. 6	284	74. 4
North Dakota	360	258	71. 7	43	81. 5
South Dakota	394	293	74. 4	44	83. 7
Nebraska	870	584	67. 2	81	74. 1
Kansas	1, 324	858	64. 8	143	72. 7
South Atlantic:					
Delaware	287	201	70. 2	38	80. 0
Maryland	2, 003	1, 116	55. 7	271	64. 4
District of Columbia	505	199	39. 4	92	48. 1
Virginia	2, 538	1, 042	41. 1	414	49. 1
West Virgnia	1, 064	792	74. 4	80	80. 5
North Carolina	2, 751	1, 425	51. 8	274	57. 5
South Carolina	1, 357	525	38. 7	177	44. 4
Georgia	2, 637	1, 139	43. 2	374	50. 3
Florida	3, 477	1, 854	53. 3	672	66. 1
East South Central:					
Kentucky:	1, 977	1, 046	52. 9	245	60. 4
Tennessee	2, 235	1, 144	51. 2	186	55. 8
Alabama	1, 923	690	35. 9	207	40. 2
Mississippi	1, 231	409	33. 2	209	40. 0
West South Central:					
Arkansas	1, 123	560	49. 9	118	55. 7
Louisiana	1, 901	896	47. 2	225	53. 5
Oklahoma	1, 487	932	62. 7	149	69. 7
Texas	5, 914	2, 627	44. 4	855	51. 9
Mountain:					
Montana	396	279	70. 4	50	80. 5
Idaho	382	292	76. 5	37	84. 7
Wyoming	192	143	74. 4	30	88. 1
Colorado	1, 122	777	69. 3	189	83. 3
New Mexico	517	329	63. 6	99	78. 1
Arizona	861	481	55. 8	165	69. 0
Utah	509	401	78. 9	73	92. 2
Nevada	249	135	54. 3	31	61. 9
Pacific:					
Washington	1, 751	1, 258	71. 8	279	85. 5
Oregon	1, 133	786	69. 4	100	76. 1
California	10, 915	7, 058	65. 7	1, 995	79. 1
Alaska	139	67	48. 3	62	87. 2
Hawaii	402	207	51. 5	145	80. 6

TABLE 2.—ESTIMATES OF THE POPULATION INELIGIBLE TO VOTE, BY STATE: NOVEMBER 1, 1964

[Numbers in thousands]

Region, division, and State	Total ineligibles	Percent of voting-age population	Aliens	Failing residence requirements				Correctional and mental institutions
				Total	State	County	Precinct	
United States, total	8, 282	7.3	2, 470	4, 820	3, 142	890	789	992
Northeast	2, 049	7.0	866	899	447	164	288	283
North Central	1, 570	5.0	420	888	597	106	185	262
South	2, 620	7.6	432	1, 891	1, 230	479	183	297
West	2, 044	11.0	752	1, 142	869	141	132	149
New England:								
Maine	37	6.5	15	18	8	....	10	4
New Hampshire	32	8.1	8	21	8	3	10	3
Vermont	20	8.7	6	12	8	1	3	2
Massachusetts	318	9.7	102	183	67	....	116	34
Rhode Island	51	9.3	13	34	16	....	18	4
Connecticut	108	6.3	59	36	26	11	....	13
Middle Atlantic:								
New York	927	8.2	456	338	154	136	48	132
New Jersey	238	5.8	129	76	63	13	....	33
Pennsylvania	316	4.5	78	180	98	....	83	58
East North Central:								
Ohio	316	5.3	65	201	138	17	46	50
Indiana	109	3.8	20	65	38	13	14	23
Illinois	429	6.7	153	219	148	33	37	58
Michigan	214	4.6	102	72	41	....	30	40
Wisconsin	99	4.1	23	54	49	....	5	22
West North Central:								
Minnesota	70	3.4	16	36	24	....	12	17
Iowa	47	2.9	7	30	18	10	3	9
Missouri	160	5.9	15	123	78	18	27	21
North Dakota	19	5.4	2	15	10	3	1	2
South Dakota	22	5.6	2	18	12	4	2	3
Nebraska	30	3.4	6	18	13	3	1	6
Kansas	56	4.2	8	37	27	4	6	11
South Atlantic:								
Delaware	21	7.5	3	16	14	(Z)	1	2
Maryland	156	7.8	24	114	85	29	....	18
District of Columbia	51	10.2	13	29	29	....	....	9
Virginia	211	8.3	14	168	108	51	9	29
West Virginia	46	4.4	4	32	22	4	5	10
North Carolina	112	4.1	8	80	63	....	17	24
South Carolina	88	6.5	4	75	38	16	21	10
Georgia	168	6.4	9	128	79	50	....	31
Florida	497	14.3	132	341	303	38	....	24
East South Central:								
Kentucky	118	6.0	5	97	49	26	22	16
Tennessee	92	4.1	5	70	59	12	....	17
Alabama	130	6.7	4	107	50	25	32	19
Mississippi	151	12.2	3	138	63	39	36	10
West South Central:								
Arkansas	70	6.3	2	58	36	17	5	10
Louisiana	136	7.1	13	106	47	30	28	17
Oklahoma	58	3.9	6	40	26	9	5	12
Texas	514	8.7	185	291	159	132	....	39
Mountain:								
Montana	26	6.5	4	19	16	1	2	2
Idaho	18	4.6	3	13	10	1	2	1
Wyoming	19	9.7	2	15	13	1	(Z)	2
Colorado	106	9.5	16	80	66	12	2	10
New Mexico	63	12.2	12	48	43	4	2	3
Arizona	119	13.8	33	80	76	1	4	5
Utah	42	8.2	9	30	20	5	5	3
Nevada	17	6.8	5	10	10	(Z)	(Z)	1
Pacific:								
Washington	155	8.8	39	102	78	15	9	14
Orgeon	48	4.2	16	23	23	....	....	9
California	1, 340	12.3	575	669	468	101	99	96
Alaska	24	17.4	2	22	21	....	1	(Z)
Hawaii	68	16.9	36	30	24	....	7	2

Z=Less than 500.

TABLE 3.—ESTIMATES OF PRESUMED NONVOTERS, BY STATE: NOVEMBER 1, 1964

[Numbers in thousands]

Region, division, and State	Total presumed nonvoters	Percent of voting-age population	Armed Forces	Homes for aged and needy	College students not living at home	Patients in short-term hospitals	Persons in travel status
United States, total	5,733	5.0	1,611	508	1,560	460	1,594
Northeast	1,186	4.1	162	152	344	118	409
North Central	1,372	4.3	172	187	443	128	442
South	1,964	5.7	785	94	464	139	482
West	1,211	6.5	491	76	309	75	260
New England:							
Maine	34	5.9	14	3	6	2	8
New Hampshire	22	5.4	5	4	5	2	6
Vermont	10	4.3	(Z)	2	4	1	3
Massachusetts	172	5.3	30	26	57	13	46
Rhode Island	36	6.5	16	4	6	2	8
Connecticut	74	4.3	10	10	22	7	24
Middle Atlantic:							
New York	422	3.7	33	55	103	46	158
New Jersey	165	4.0	39	14	38	17	58
Pennsylvania	251	3.5	14	35	75	29	99
East North Central:							
Ohio	226	3.8	16	31	72	24	84
Indiana	117	4.1	6	15	45	11	40
Illinois	266	4.2	38	33	79	26	89
Michigan	194	4.1	18	20	72	19	65
Wisconsin	95	4.0	4	16	32	10	33
West North Central:							
Minnesota	90	4.4	4	17	32	8	28
Iowa	74	4.6	1	18	26	7	23
Missouri	125	4.6	25	16	34	11	38
North Dakota	24	6.7	8	2	7	1	5
South Dakota	22	5.5	5	2	7	2	6
Nebraska	52	5.9	15	7	13	4	12
Kansas	87	6.6	30	10	23	5	19
South Atlantic:							
Delaware	16	5.6	8	1	3	1	4
Maryland	115	5.7	44	7	27	8	28
District of Columbia	41	8.1	11	4	17	2	7
Virginia	203	8.0	122	8	28	10	36
West Virginia	33	3.1	(Z)	3	10	4	15
North Carolina	162	5.9	73	7	32	11	39
South Carolina	88	6.5	48	2	14	5	19
Georgia	206	7.8	100	6	52	11	37
Florida	176	5.1	73	11	29	14	49
East South Central:							
Kentucky	127	6.4	45	5	41	8	28
Tennessee	94	4.2	23	5	25	9	31
Alabama	77	4.0	18	3	22	8	27
Mississippi	58	4.7	17	3	16	5	17
West South Central:							
Arkansas	48	4.2	13	3	12	5	16
Louisiana	90	4.7	28	3	24	8	27
Oklahoma	91	6.1	29	8	27	6	21
Texas	340	5.8	134	15	85	24	83
Mountain:							
Montana	24	6.0	8	2	7	2	6
Idaho	20	5.1	5	1	6	2	5
Wyoming	11	5.8	4	1	3	1	3
Colorado	82	7.3	31	5	26	5	16
New Mexico	36	7.0	17	1	9	2	7
Arizona	46	5.4	16	2	13	3	12
Utah	31	6.2	3	2	17	2	7
Nevada	14	5.4	7	(Z)	2	1	3
Pacific:							
Washington	125	7.1	47	15	31	7	25
Oregon	52	4.6	5	8	19	5	16
California	655	6.0	251	38	170	44	153
Alaska	38	27.2	33	(Z)	2	1	2
Hawaii	77	19.1	64	1	4	2	6

Z = Less than 500.

TABLE 4.—PROPORTION OF NONVOTERS, BY CATEGORY, BY STATE: NOVEMBER 1, 1964

Region, division, and State	Total nonvoters (thousands)	Percent of nonvoters		
		Ineligibles or presumed nonvoters	Ineligibles	Presumed nonvoters
United States, total	43, 152	32. 5	19. 2	13. 3
Northeast	9, 605	33. 7	21. 3	12. 3
North-central	9, 379	31. 4	16. 7	14. 6
South	17, 810	25. 7	14. 7	11. 0
West	6, 357	51. 2	32. 2	19. 0
New England:				
Maine	199	36. 2	18. 9	17. 3
New Hampshire	110	49. 3	29. 6	19. 7
Vermont	69	43. 9	29. 4	14. 6
Massachusetts	922	53. 1	34. 5	18. 6
Rhode Island	157	55. 1	32. 4	22. 8
Connecticut	489	37. 2	22. 1	15. 1
Middle Atlantic:				
New York	4, 113	32. 8	22. 5	10. 3
New Jersey	1, 283	31. 5	18. 6	12. 9
Pennsylvania	2, 262	25. 1	14. 0	11. 1
East north-central:				
Ohio	2, 009	27. 0	15. 7	11. 3
Indiana	740	30. 5	14. 7	15. 8
Illinois	1, 680	41. 4	25. 5	15. 9
Michigan	1, 470	27. 7	14. 5	13. 2
Wisconsin	698	27. 8	14. 1	13. 6
West north-central:				
Minnesota	467	34. 2	14. 9	19. 3
Iowa	452	26. 9	10. 4	16. 5
Missouri	911	31. 2	17. 5	13. 7
North Dakota	102	42. 7	19. 0	23. 7
South Dakota	101	43. 5	22. 0	21. 5
Nebraska	285	28. 5	10. 4	18. 1
Kansas	466	30. 7	12. 0	18. 7
South Atlantic:				
Delaware	85	43. 9	25. 1	18. 9
Maryland	887	30. 5	17. 5	13. 0
District of Columbia	306	30. 1	16. 8	13. 3
Virginia	1, 496	27. 7	14. 1	13. 6
West Virginia	272	29. 3	17. 0	12. 3
North Carolina	1, 326	20. 6	8. 4	12. 2
South Carolina	833	21. 2	10. 6	10. 6
Georgia	1, 497	25. 0	11. 2	13. 7
Florida	1, 622	41. 5	30. 6	10. 8
East south-central:				
Kentucky	931	26. 3	12. 7	13. 6
Tennessee	1, 091	17. 0	8. 5	8. 6
Alabama	1, 233	16. 8	10. 5	6. 3
Mississippi	821	25. 4	18. 3	7. 1
West south-central:				
Arkansas	563	21. 0	12. 5	8. 5
Louisiana	1, 005	22. 4	13. 5	8. 9
Oklahoma	555	26. 8	10. 5	16. 3
Texas	3, 287	26. 0	15. 6	10. 4
Mountain:				
Montana	117	42. 4	22. 0	20. 4
Idaho	90	41. 3	19. 5	21. 8
Wyoming	49	60. 5	37. 8	22. 7
Colorado	345	54. 7	30. 9	23. 8
New Mexico	188	52. 7	33. 6	19. 1
Arizona	381	43. 3	31. 2	12. 1
Utah	108	68. 3	39. 0	29. 3
Nevada	114	26. 8	15. 0	11. 9
Pacific:				
Washington	493	56. 7	31. 4	25. 3
Oregon	347	26. 8	13. 8	14. 9
California	3, 858	51. 7	34. 7	17. 0
Alaska	72	86. 3	33. 6	52. 7
Hawaii	195	74. 4	34. 9	39. 5

POPULATION "INELIGIBLE" TO VOTE

Aliens.—The number of aliens who reported under the Alien Address Program is published by State of residence for 1964 in the *Annual Report of the Immigration and Naturalization Service, 1965*, Table 36. These data are not broken down by age. From the 1960 Census tables on foreign born population living in the United States in 1960 but abroad in 1955, it is estimated that 67 percent of this population was of voting age. Since the aliens registered have entered this country over a much broader period of time, it is to be expected that the proportion of voting age would be larger than indicated for the 5-year period. Accordingly, we have assumed that 75 percent of aliens reporting were of voting age in each State.

Movers failing residence requirements.—The number of interstate, intercounty and intracounty movers for the year ending April 1964 as reported from the Current Population Survey in *Current Population Reports*, Series P–20, No. 141, was used as a base for estimating movers who failed to meet residence requirements. These numbers relate to the civilian resident population plus those Armed Forces living with their families either on-post or off-post (approximately one-half of the resident Armed Forces). Each of the U.S. control totals was distributed by State by the pattern of interstate, intercounty, and intracounty movement, respectively, shown for the period 1955 to 1960 in table 100 of each State volume of the *1960 Census of Population*. To these resultant estimates of movers were applied length of residence factors derived for each State from the *World Almanac and Book of Facts, 1966*, page 113. Factors for State residence requirements (e.g., .5 if six months residence is required) were applied to interstate movers, county residence requirements factors to intercounty movers, and precinct residence requirement factors to intracounty movers. It was arbitrarily assumed that one-half of all intracounty movers would have crossed precinct boundary.

Whenever there was a precinct residence requirement, but none at the county level, precinct residence factors were applied to all intercounty movers as well as to one-half the intracounty movers.

Inmates of correctional and mental institutions.—The number of inmates of correctional and mental institutions in 1960 is given in tables 34 and 35, respectively, of the *1960 Census of Population. Inmates of Institutions*, Series PC(2)–8A. These numbers were adjusted to a 1964 level by allowing for U.S. population increase since 1960.

PRESUMED NONVOTERS

Armed Forces.—Armed Forces station strength for November 1, 1964, was obtained from *Current Population Reports*, Series P–25, No. 342.

Homes for the aged.—Inmates of homes for the aged and needy were obtained by State from table 37 of the 1960 Census report, *Inmates of Institutions*, adjusted to a 1964 level by allowing for U.S. population increase since 1960.

College students not living at home.—The total number of college students of voting age in 1960 are shown in table 101 of each State volume of the *1960 Census of Population*. A ratio of the students of voting age to all students for each State was applied to the State distribution of college students not living at home contained in table 19 of the 1960 Census Report PC(2)–2B, *Mobility for States and State Economic Areas*. This provided an estimate of the 1960 distribution of college students of voting age not living at home. This distribution was adjusted to a 1964 level by using a ratio of total college fall enrollment, 1964 to 1959, as reported in the U.S. Office of Education's annual publication *Opening (Fall) Enrollment in Higher Education*.

Hospital patients.—Estimates of short-term patients in hospitals were developed by using the average daily census in short-term hospitals for 1964, as reported in the American Medical Association's journal, *Hospitals; Guide Issue, 1965*, Part II, page 450. This total was distributed by age on the basis of National Health Survey data on discharges from short-term hospitals during Fiscal Year 1964, as published in NCHS Series 10, No. 30, *Vital and Health Statistics Reports: Data From the National Health Survey*, June 1966. This control total was distributed by State on the basis of the 1964 population of voting age.

Persons in travel status.—A national estimate of the number of travelers on election day was developed on the basis of data available on hotel occupancy. From the Harris, Kerr, Forster & Company report, *Trends in the Hotel-Motel Business, 1965*, the average number of rooms occupied per day in 1964 was estimated from 1965 and 1963 data. This number was adjusted for number of guests per occupied rooms and for seasonal variation, and further adjusted to exclude residential hotels, making use of data published in pages 1 through 11 of this report. It was arbitrarily assumed that 10 percent of the persons occupying these rooms were under voting age. This control total was distributed by State on the basis of the 1964 population of voting age.

NONMETROPOLITAN POPULATION CHANGE: 1960–1970

(By Richard Irwin*)

This paper is the result of a conversation with a friend, Professor Richard Halley of Portland State University. We are both interested in the dynamics of economic and population growth, having collaborated earlier on a set of economic and demographic projections for the State of Oregon. More particularly we are interested in present and future trends of nonmetropolitan growth. In the course of the conversation Dick commented that population growth might be expected in medium-sized cities which were on freeways and away from big cities, but not too far away.

I took this suggestion back to the Census Bureau, and we coded all nonmetropolitan counties for presence of a freeway and city size. We have not yet introduced the factor of distance between cities. Almost as an afterthought, we superimposed previously developed codes for presence of a college, military installation, or institution. This proved to be a worthwhile addition, because regression analysis suggests that presence of a college is the most important variable identified in this study, with freeways a close second.

The results of the study are not conclusive in establishing freeways and city size as key variables, but some interesting relationships are brought out, and avenues of future research are indicated.

POPULATION CHANGE BY CITY SIZE AND PRESENCE OF FREEWAY

The nonmetropolitan population grew only 7 percent from 1960 to 1970, much less rapidly than the metropolitan[1] population, but a classification of nonmetropolitan counties by presence of a freeway and size of principal city indicates that very different rates of population growth are associated with these two characteristics. Population in nonmetropolitan counties with freeways grew more rapidly in all three categories of city size, and the larger the city, the more rapid the growth. Percent change from 1960 to 1970 is as follows:

United States, total	13
Metropolitan, total	(17)
Nonmetropolitan, total	(7)
With large city (25 to 50,000)	
With freeway, Group 1	14
Without freeway, Group 2	8
With small city (7,500 to 25,000)*	
Without freeway Group 3	11
Without freeway Group 4	6
Without city over 7,500*	
With freeway Group 5	8
Without freeway Group 6	1

*Limit of 7,500 varies. See below, p. 308.

There is a symmetrical relation between growth rates for the six nonmetropolitan groups both by freeway presence and by city size. For each city size group, the growth rate for the freeway group is about the same number of percentage points above the group without freeway. The step down in growth rates by decreasing city size is also fairly consistent.

The population in Group 1, *With large city, with freeway*, grew 14 percent, a little faster than the national average. It should be noted, however, that only 10 million people fall in this category, so the potential for absolute population growth is limited. Table 1 gives population and rate of change for all categories of metropolitan and nonmetropolitan counties. Groups 3 and 5, the other categories with freeway, have 12 and 8 million population respectively. The counties in Group 6, *Without city, without freeway*, which grew only one percent, have about 19 million population.

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*Population Division, Bureau of the Census. Paper presented at the annual meeting of the Population Association of America, Washington, D.C. April 23, 1971. Computer applications by Jerome Glynn. The assistance of Signe Wetrogan of the Bureau of the Census is gratefully acknowledged.

[1] "Metropolitan" in this study always refers to Standard Metropolitan Statistical Areas, except in New England where metropolitan State Economic Areas are used. The latter are defined in terms of counties, as are SMSA's everywhere in the United States except in New England.

The differences in nonmetropolitan growth rates suggest that forces in some way associated with freeway presence are related to the rate of growth in nonmetropolitan areas. Some support is given to this idea by regression analysis (see below), although this analysis indicates that only 10 percent of the variance in population growth rates is explained by the variables included in this study.

All of the growth differentials shown in table 1 are further examined in this study by presence of a college, institution, or military installation. Counties containing such special facilities grew more rapidly than those not so favored. The differentials by city size and freeway presence still hold for the counties without special installations, but growth is slower.

Although the nonmetropolitan population is the chief concern of the study, the metropolitan population is shown for comparison in most tables. The population in metropolitan counties increased more than twice as rapidly as the nonmetropolitan population, with the ring counties increasing 28 percent. Percent change from 1960 to 1970 is as follows:

United States, total	13
Metropolitan, total	(17)
Multiple-county SMSA's	
Central counties	9
Ring counties	28
Single-county SMSA's	22
Nonmetropolitan, total	(7)

These figures are for metropolitan areas as defined in 1969.[2] Note that from 1950 to 1960 the population in metropolitan areas (as defined in 1960) grew 26 percent considerably more rapidly than during the past decade. The nonmetropolitan population grew at the same rate in both decades, at 7 percent.

As in the table above metropolitan counties are shown in the study in three classes (1) central counties of SMSA's with more than one county (2) ring counties, that is, non-central counties in SMSA's of more than one county, and (3) single-county SMSA's. The first two categories correspond roughly to the central city-suburb classification, except that central counties usually are more extensive than central cities. The central county therefore usually includes some area classified as suburban in a central city-suburb classification.

STUDY DESIGN

This study is intended as a first effort in classifying counties nationwide by transportation and other locational factors, taking into account city size and special installations. For this pilot study, presence of a freeway and city size were both determined visually from the Rand-McNally Road Atlas. If a freeway, existing or under construction, crossed any part of a nonmetropolitan county, that county was classified as having a freeway, regardless of presence of an interchange, or proximity to the chief city. This has obvious disadvantages from an analytical point of view, but effectively removed the factor of judgement in the coding operation.

Due to limited resources, city size was also determined from the Rand-McNally maps by reference to the scale shown on the face of each map. As a result it was not possible to maintain a systematic lower limit for the middle group. The most common available cut-off point in the desired range from about 5,000 to 10,000 population was 7,500, and this figure was selected. For some States 10,000 had to be used, and for others 6,500 and 5,000. Thus the limits are (1) large city, 25,000 to 50,000, (2) small city, 7,500 (approximately) to 25,000, and (3) without city of

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[2] Most of the statistics in this study are for metropolitan and nonmetropolitan territory as defined in 1969 by the Bureau of the Budget. One hundred and two counties which became metropolitan between 1960 and 1969 are included in the metropolitan population by this definition. As a result of the 1970 census count, fourteen new small SMSA's were formed. They are classified as nonmetropolitan in the 1969 definition of metropolitan territory.

7,500 (approximately). There was no problem with the cities of from 25,000 to 50,000; all maps showed exactly this range.

A further classification for presence of colleges, military installations and institutions was carried out for all counties, metropolitan and nonmetropolitan. The selection criteria related both to absolute size of the special facility and the ratio of the special population involved to the population of the county. For colleges, only those counties were selected which had at least 300 persons enrolled in college in 1960, and if enrollment was at least three percent of the county's population. A county was coded for military if the 1960 military population of the county was over 5,000, or 10 percent of the 1960 population. For institutions, a county was included if the 1960 institutional population was over 3,000, or 10 percent of the 1960 total population.

POPULATION CHANGE IN COUNTIES WITH SPECIAL FACILITIES

Of the total United States population of 203 million, 78 million lived in counties coded in this study for presence of a college, military installation or institution. The population in these areas grew more rapidly in almost every category shown in this study. The percent change by category from 1960 to 1970 for the nonmetropolitan counties with and without these special facilities was as follows:

	Total	With college, military, institution	Without college, military, institution
United States, total	13	19	10
Metropolitan, total	(17)	(19)	(15)
Nonmetropolitan	(7)	(18)	(5)
With large city:			
With freeway, group 1	14	23	10
Without freeway, group 2	8	13	7
With small city:			
With freeway, group 3	11	18	9
Without freeway, group 4	6	16	4
Without city:			
With freeway, group 5	8	20	7
Without freeway, group 6	1	14	[1]

[1] Less than 0.5 percent.

The growth rates for the population in areas *not* containing these special facilities, is accordingly reduced. The growth rate for Group 1 drops from 14 to 10 percent. This still equals the national rate of growth, which drops from 13 to 10 percent when the counties with special populations are excluded on a nationwide basis. The freeway effect apparently still holds; in every city size category the counties with freeway still grow considerably faster than those without freeway. However, the *without freeway* groups in the middle column (counties *with* special populations) all have higher growth rates than the corresponding *with freeway* groups in the third column (counties *without* special population). This suggests that forces more significant than presence of a freeway are involved. The regression analysis below confirms this suggestion, since presence of a college emerges as the most significant variable.

Population and population change is given in table 2 for counties with colleges, military installations, or institutions. Of 78 million population in these counties in 1970, only 10 million were in nonmetropolitan territory. Metropolitan ring counties with these special facilities had 11.6 million population, and increased 36 percent, as compared to 28 percent for all ring counties.

Although the growth rate for nonmetropolitan counties with special populations (18 percent) is much more rapid than for all nonmetropolitan counties (7 percent), the relationship of growth rates by city size and freeway presence is about the same as for the total nonmetropolitan population. The biggest relative impact is in Group 1, which includes 3.3 million of 10.3 million nonmetropolitan population in counties with special facilities. The growth rate was 23 percent, dropping the rate for Group 1 counties *without* special facilities from 14 percent to 10 percent (table 3). This rate is still higher than the 7 percent for Group 2. Similarly Group 3 remains higher than Group 4, and Group 5 higher than Group 6.

An overview of the size of the population in counties with colleges, military installations, and institutions is given by table 4. Of the 49.8 million population in counties with military bases only a small proportion, 2.8 million, were nonmetropolitan. By contrast, of 16.3 population in counties with colleges, 6.1 million, over one-third, was nonmetropolitan. Two million of these are in Group 1, and grew 23 percent (table 5). Only 1.5 million were in ring counties containing a college, but these counties increased 58 percent from 1960 to 1970. Counties of each type, college, military, and institutional, grew more rapidly than the total population. For all college counties in the nonmetropolitan area, the growth rate was 20 percent. The military counties were close behind with a 19 percent increase.

About one-third of the population increase in all college counties was due to enrollment. Enrollment increased a million while the total population in these counties increased about three million. By contrast, very little of the population increase in military counties is accounted for by an increase in military population. The population increase in all military counties was about 8 million, but the Armed Forces in the entire 50 States increased only about 300,000 for the decade. Dependents of military personnel of course add to the impact of a military base on the population growth of a county.

REGRESSION ANALYSIS

In order to establish the relative influence of the characteristics of counties identified in this study, a regression analysis was carried out. All the independent variables, city size, freeway presence, and college, military, and institutional population, were treated as dummy variables, each county being coded with a zero if without the characteristics, and with a one if with the characteristic. The presence of a large city (25 to 50,000 population), and of a small city, were treated as two separate independent variables. The dependent variable, percent change in population from 1960 to 1970, was a continuous, not a dummy variable.

All counties which were nonmetropolitan in 1969 were included in the analysis. The zero order correlation matrix in the order of entry in the stepwise multiple regression equation shown below, is as follows:

	Population change	College	Freeway	Military	Large city	Small city	Institution
Population change	1.000						
College	.209	1.000					
Freeway	.199	.129	1.000				
Military	.111	−.016	.030	1.000			
Large city	.131	.168	.194	.059	1.000		
Small city	.123	.145	.190	.049	−.146	1.000	
Institution	.037	.004	.031	.037	.088	.024	1.000

The correlation coefficients are all low, both with the dependent variable, and among the independent variables. The multiple correlation coefficient is .3087, and R^2 is .0953.

The results of the regression analysis were disappointing as to proportion of variance explained, but did show that colleges and freeways were the most significant of the variables used. Also, there was very little difference between a large and a small city in explaining variation in growth rates, as shown by the partial correlation coefficients, although the regression coefficients could be interpreted as indicating a small preference for larger cities. The regression statistics are as follows:

Variable	Intercept, or regression coefficient	Standard error of regression coefficient	Partial correlation coefficient
Intercept	−3.2337		
College	[1] 13.6761	1.5518	0.1685
Freeway	[1] 5.4920	.7402	.1425
Military	[1] 13.8722	2.5603	.1045
Large city	[1] 5.5312	1.3767	.0777
Small city	3.2301	.8153	.0766
Institution	2.9722	2.8762	.0201

[1] Significantly different from zero at the 0.001 level of confidence.

The presence of a college emerged as the most important variable of those included in this study, with a partial correlation coefficient of .1685. Presence of a freeway was close behind with .1425. The partial correlation coefficients for large and small city were almost the same.

The regression coefficients for all the independent variables except institutions differ from zero very significantly. However, the high proportion of unexplained variance suggests that important factors influencing population growth are not included in the regression. Certainly the regression analysis fails to show that the characteristics of nonmetropolitan counties, as identified in this study, explain a significant proportion of total variance. Yet the fact that actual growth rates are high for counties with freeways suggests that some relation exists. The low value for R^2 may be due in part to the character of the data available for regression analysis. A large number of counties (about 1400) had none of the special characteristics identified by the study. These grew at varying rates, so the coding would be a zero for each independent variable, indicating that the county had no city over 7,500, had no freeway, and no special population. Yet transportational factors and city size could influence growth rates for such counties. How adequate are existing roads, granted that the county does not have a freeway? Is city size a factor, even under the 7,500 limit? These considerations suggest that continuous variables could be introduced to reflect transportational factors and city size, or that the number of categories for each variable should be increased, while retaining the dummy variable procedure.

For those counties which possess one or more of the special characteristics, continuous variables could also be used. For example, actual enrollment, or change in enrollment, could be entered as a variable. Freeways can be rated by volume of traffic. The county's accessibility to the freeway could be in terms of the distance of principal cities to available interchanges. Date of construction of the freeway may be significant. Some of these statistics are not readily available, and compilation could become a major project.

One factor not included in this study, and which may be very important, is the distance to large metropolitan centers from the nonmetropolitan counties under consideration.

NEW METROPOLITAN AREAS

An additional perspective to the analysis of nonmetropolitan growth rates is provided by consideration of the changing boundaries of metropolitan areas through the creation of new metropolitan areas, and the addition of new ring counties to already existing areas. One hundred and two counties which were nonmetropolitan in 1960 became metropolitan by 1969. In 1970 about 6.8 million persons lived in these counties. About 5 million were in the *With freeway* groups (1, 3, and 5). Less than 2 million were in Groups 2, 4, and 6. Population and population change from 1960 to 1970 by city size and freeway presence were as follows:

	Population (in millions)		Change	
	1970	1960	Number	Percent
New metropolitan areas, total	(6.8)	(5.4)	(1.4)	(26)
With large city, total:				
With freeway (group 1)	1.8	1.4	.5	33
Without freeway (group 2)	.7	.6	.1	12
With small city, total:				
With freeway (group 3)	1.9	1.5	.4	28
Without freeway, (group 4)	.5	.4	.1	24
Without city, total:				
With freeway (group 5)	1.3	1.0	.3	28
Without freeway (group 6)	.6	.5	.1	17

The growth rates are higher by city size for groups with freeways. For all groups with freeway (1, 3, and 5 combined), the growth rate was 30 percent, as compared to 17 percent of counties without freeway. Growth rates are generally very high for these new metropolitan areas, as might be expected, since they attained metropolitan status during the decade. This new metropolitan territory is of two types, (1) suburban counties, added to existing metropolitan areas, and (2) new metropolitan areas formed when a nonmetropolitan city (or twin cities) reach 50,000 population. The latter situation brings to mind a growing city, well away from other cities, which grows to 50,000 and attains metropolitan status. Mansfield, Ohio, conforms to this image, and became a new metropolitan area in 1966. The former situation, a new suburban county, suggests a wave of population growth spreading out from a large central city, finally lapping at the borders of a formerly rural county, which now becomes a new metropolitan suburb as the population wave sweeps over it.

This latter situation may still be occurring, but often the suburban county has a city of its own, and this city is extending its own urbanized area. There may be a substantial expanse of undeveloped land separating this urbanized area from that of the nearby large central city. It is then touch and go whether the nonmetropolitan city first reaches 50,000 and becomes a new separate SMSA, or whether the county is added as a suburb of the central city before this occurs. Thus Hidalgo County, Texas became the McAllen-Pharr-Edinburg SMSA in 1966 when the population of McAllen and Pharr taken together exceeded 50,000 population. Hidalgo County is adjacent to Cameron County which constitutes the Brownsville-Harlingan-San Benito SMSA. Pharr is about 30 miles from Harlingen, one of the central cities of the Brownsville SMSA. There is more or less continuous urban development linking the cities of Harlingen and Pharr. By contrast, Yolo County, California became a suburban county of the Sacramento SMSA, yet its situation is similar to Hidalgo County. Given a little more time it might have become a new single county SMSA, since Woodland and Davis, situated 9 miles apart, had a combined population of 44,000 in 1970. These cities lie closer to Sacramento than does Pharr to Harlingen, but no urban development connects Woodland-Davis to Sacramento, and if Yolo County were not already a suburban county in the Sacramento SMSA, it would not be unreasonable to designate Yolo County as a separate SMSA when Woodland-Davis reaches 50,000 population. These examples show that it is not always easy to establish neat categories for analysis of the metropolitanization process.

A necessary step in the analysis of metropolitanization is to take into account the distance of large cities (and their size) from the nonmetropolitan county under consideration, in relation to the size and growth of the chief city within the nonmetropolitan county. The process now occurring is certainly not all a simple wave-like expansion of existing large metropolitan areas, nor is it predominantely isolated nonmetropolitan counties with a city which reaches the magic 50,000 circle and blossoms into a new independent metropolitan center. The table on p. 12 does show that freeways are clearly involved since 5 million of the 6.8 million new metropolitan population were in counties crossed by a freeway. A further step would be to add railroad and water transportation to the dynamic factors involved in the growth of nonmetropolitan counties.

Population change from 1960 to 1970 can be observed for metropolitan territory as defined in 1960 (table 6). The nonmetropolitan population grew 8 percent, a little faster than nonmetropolitan as defined in 1969, which grew 7 percent. Group 1 counties grew 15 percent, two points above the national average.

CONCLUSION

This study suggests that freeway presence is associated with differences in population growth rates for nonmetropolitan counties, especially for counties becoming metropolitan between 1960 and 1970. Considerable interest attaches to the question, "Do freeways cause population growth"? This study does not answer this question conclusively. Transportational factors are in some way involved, but precisely how?

There are several ways of extending the line of inquiry begun by this study. The impact of a freeway can be more precisely measured. Volume of traffic, date of construction, and availability of interchanges are some of the characteristics which could be included in a classification of counties by freeway impact. A more fundamental extension would involve the use of manufacturing statistics in the analysis.

The distance between nonmetropolitan counties and larger metropolitan areas can be taken into account. A gravity model which encompasses distance between cities by size of city, with allowance for college, military, and institutional population, is a possibility.

Small metropolitan areas should be included in the analysis. The city size of 50,000 which demarcates the line a nonmetropolitan county must cross to become metropolitan is an arbitrary limit, albeit one of long standing. A growing urbanized area of 75,000 is not a completely different organic entity from one of 40,000. An ultimate possibility would be to include all SMSA's large and small in a model, taking all types of transportation into account.

TABLE 1.—POPULATION CHANGE FOR THE UNITED STATES, BY METROPOLITAN STATUS, AND BY CITY SIZE AND FREEWAY PRESENCE FOR GROUPS OF NONMETROPOLITAN COUNTIES: 1960 TO 1970

[Population in millions; metropolitan territory as defined in 1969]

Category	Population		Population change	
	1970	1960	Number	Percent
United States, total	203.2	179.3	23.9	13
Metropolitan, total	139.7	119.8	19.9	17
Multiple county SMSA's:				
Central counties	69.0	63.3	5.7	9
Ring counties	33.3	26.0	7.4	28
Single county SMSA's	37.3	30.5	6.8	22
Nonmetropolitan, total	63.5	59.5	4.0	7
With large city:[1]				
With freeway, group 1	9.7	8.5	1.2	14
Without freeway, group 2	4.2	3.9	.3	8
With small city:[2]				
With freeway, group 3	12.2	11.0	1.2	11
Without freeway, group 4	10.3	9.7	.6	6
Without city:[3]				
With freeway, group 5	8.1	7.5	.6	8
Without freeway, group 6	19.1	18.9	.1	1

[1] 25,000 to 50,000 population.
[2] 7,500 to 25,000 population, (lower limit varies, see text, p. 5).
[3] No city over 7,500 (limit varies, see text, p. 5).

TABLE 2.—POPULATION CHANGE FOR COUNTIES WITH SPECIAL POPULATION,[1] BY METROPOLITAN STATUS, AND BY CITY SIZE AND FREEWAY PRESENCE FOR GROUPS OF NONMETROPOLITAN COUNTIES: 1960 TO 1970

[Population in millions; metropolitan territory as defined in 1969]

Category	Population		Population change	
	1970	1960	Number	Percent
United States, total	77.5	65.2	12.2	19
Metropolitan, total	67.2	56.6	10.6	19
Multiple county SMSA's:				
Central counties	31.3	28.9	2.5	9
Ring counties	11.6	8.6	3.1	36
Single county SMSA's	24.2	19.1	5.1	27
Nonmetropolitan, total	10.3	8.7	1.6	18
With large city:[2]				
With freeway, group 1	3.3	2.7	.6	23
Without freeway, group 2	.8	.7	.1	13
With small city:[3]				
With freeway, group 3	2.6	2.2	.4	18
Without freeway, group 4	1.9	1.7	.3	16
Without city:[4]				
With freeway, group 5	.7	.6	.1	20
Without freeway, group 6	.9	.8	.1	14

[1] Special population includes college, military, and institutional population. See text for criteria for classification of counties.
[2] 25,000 to 50,000 population.
[3] 7,500 to 25,000 population (lower limit varies, see text, p. 5).
[4] No city over 7,500 (limit varies, see text, p. 5).

TABLE 3.—POPULATION CHANGE FOR COUNTIES WITHOUT SPECIAL POPULATION,[1] BY METROPOLITAN STATUS AND BY CITY SIZE AND FREEWAY PRESENCE FOR GROUPS OF NONMETROPOLITAN COUNTIES: 1960 TO 1970

[Population in millions; metropolitan territory as defined in 1969]

Category	Population		Population change	
	1970	1960	Number	Percent
United States, total	125.7	114.1	11.6	10
Metropolitan, total	72.5	63.3	9.3	15
Multiple county SMSA's:				
Central counties	37.7	34.5	3.2	9
Ring counties	21.7	17.4	4.3	25
Single county SMSA's	13.1	11.4	.71	15
Nonmetropolitan, total	53.2	50.8	2.4	5
With large city:[2]				
With freeway, group 1	6.4	5.9	.6	10
Without freeway, group 2	3.4	3.2	.2	7
With small city:[3]				
With freeway, group 3	9.6	8.8	.8	9
Without freeway, group 4	8.3	8.0	.3	4
Without city:[4]				
With freeway, group 5	7.3	6.8	.5	7
Without freeway, group 6	18.1	18.1	([5])	([5])

[1] Special population includes college, military, and institutional population. See text for criteria for classification of counties.
[2] 25,000 to 50,000 population.
[3] 7,500 to 25,000 population (lower limit varies, see text, p. 5).
[4] No city over 7,500 (limit varies, see text, p. 5).
[5] Less than 50,000 or 0.5 percent.

TABLE 4.—TOTAL POPULATION FOR COUNTIES WITH COLLEGE, MILITARY, AND INSTITUTIONAL POPULATION, BY METROPOLITAN STATUS, AND BY CITY SIZE AND FREEWAY PRESENCE FOR GROUPS OF NONMETROPOLITAN COUNTIES: 1970

[Population in millions; metropolitan territory as defined in 1969]

Category	Total	Counties with special population[1]			
		Total	With military	With college	With institutional
United States, total	203.2	77.5	49.8	16.3	27.2
Metropolitan, total	139.7	67.2	47.0	10.2	25.4
Multiple county SMSA's:					
Central counties	69.0	31.3	23.8	3.1	11.2
Ring counties	33.3	11.6	4.6	1.5	8.7
Single county SMSA's	37.3	24.2	18.6	5.6	5.4
Nonmetropolitan, total	63.5	10.3	2.8	6.1	1.8
With large city:[2]					
With freeway, group 1	9.7	3.3	.7	2.0	.9
Without freeway, group 2	4.2	.8	.1	.4	.2
With small city:[3]					
With freeway, group 3	12.2	2.6	.9	1.6	.2
Without freeway, group 4	10.3	1.9	.6	1.2	.2
Without city:[4]					
With freeway, group 5	8.1	.7	.2	.4	.1
Without freeway, group 6	19.1	.9	.3	.5	.1

[1] Special population includes college, military, and institutional population. See text for criteria for classification of counties.
[2] 25,000 to 50,000 population.
[3] 7,500 to 25,000 population (lower limit varies, see text, p. 5).
[4] No city over 7,500 (limit varies, see text, p. 5).

TABLE 5.—PERCENT POPULATION CHANGE FOR COUNTIES WITH COLLEGE, MILITARY, AND INSTITUTIONAL POPULATION, BY METROPOLITAN STATUS, AND BY CITY SIZE AND FREEWAY PRESENCE FOR NONMETROPOLITAN COUNTIES: 1960 TO 1970

[Metropolitan territory as defined in 1969]

Category	Total	Counties with special population[1] Total	With military	With college	With institutional
United States, total	13	19	19	23	19
Metropolitan, total	17	19	19	24	19
Multiple county SMSA's:					
Central counties	9	9	10	11	8
Ring counties	28	36	38	58	32
Single County SMSA's	22	27	29	25	27
Nonmetropolitan, total	7	18	19	20	13
With large city:[2]					
With freeway, group 1	14	23	23	23	22
Without freeway, group 2	8	13	−5	24	6
With small city:[3]					
With freeway, group 3	11	18	17	20	9
Without freeway, group 4	6	16	24	15	1
Without city:[4]					
With freeway, group 5	8	20	19	25	5
Without freeway, group 6	1	14	20	14	1

[1] Special population includes college, military, and institutional population. See text for criteria for classification of counties.

[2] 25,000 to 50,000 population.

[3] 7,500 to 25,000 population (lower limit varies, see text, p. 5).

[4] No city over 7,500 (limit varies, see text, p. 5).

TABLE 6.—POPULATION CHANGE FOR THE UNITED STATES, BY METROPOLITAN STATUS AS DEFINED IN 1960, AND BY CITY SIZE AND FREEWAY PRESENCE FOR GROUPS OF NONMETROPOLITAN COUNTIES: 1960 TO 1970

[Population in millions]

Category	Population 1970	Population 1960	Population change Number	Population change Percent
United States, total	203.2	179.3	23.9	13
Metropolitan, total	132.9	114.4	18.5	15
Multiple county SMSA's:				
Central counties	68.6	63.0	5.6	9
Ring counties	29.0	22.5	6.5	26
Single county SMSA's	35.3	28.9	6.4	20
Nonmetropolitan, total	70.3	64.9	5.4	8
With large city:[1]				
With freeway, group 1	11.6	9.9	1.6	15
Without freeway, group 2	4.9	4.5	.4	8
With small city:[2]				
With freeway, group 3	14.1	12.5	1.6	12
Without freeway, group 4	10.8	10.0	.7	7
Without city:[3]				
With freeway, group 5	9.3	8.4	.9	10
Without freeway, group 6	19.6	19.4	.2	1

[1] 25,000 to 50,000 population.

[2] 7,500 to 25,000 population (lower lim[illegible]ries, see text, p. 5).

[3] No city over 7,500 (limit varies, see text, p. 5).

Senator **Humphrey**. We are very appreciative of your helpfulness. We look upon you as a valuable resource for this subcommittee. We thank you for your patience and cooperation.

Mr. **Brown**. Thank you.

Senator **Humphrey**. The subcommittee is now adjourned.

(Whereupon, at 3:10 p.m., the Senate Subcommittee on Rural Development of the Committee on Agriculture and Forestry adjourned, to reconvene subject to the call of the Chair.)

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